

DAILY REPORT

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RENMIN RIBAO VIEWS 'STORM' OVER SALT ISSUES

HK150342 Beijing RENMIN RIBAO in Chinese 14 Jun 86 p 6

["Roundup" by Zhang Liang: "The Storm Around SALT"]

[Text] A new storm has arisen between Washington and Moscow in the past few weeks. This was touched off by the U.S. decision no longer to adhere to SALT-II. This development has without doubt cast a shadow over the U.S.-Soviet disarmament talks at Geneva and has also increased the tension in relations between the two countries. This American intention was announced by President Reagan in a statement on 27 May. Reagan said that in the future the United States must decide on the structure of its strategic forces in light of the degree of the threat posed by the Soviet strategic forces, and would no longer be bound by the SALT. The reason for this was that the Soviet Union had violated this treaty. However, his words left some room for maneuver, in that he expressed the hope that the Soviet Union would make use of this period to take constructive measures to stop violating the treaty; in that case, the United States would reconsider the matter.

The Soviet Union promptly reacted strongly to this American announcement. It denounced it as "an attempt to wreck the military balance," and warned that the Soviet Union "would not be unconcerned" over this move. If the United States failed to adhere to the treaty provisions, this might make the second U.S.-Soviet summit scheduled for this year fizzle out.

This expression of attitude by the U.S. Government caused serious disquiet in America and also among the Western allies. Now, when there has been no progress at all in the U.S.-Soviet arms control talks, the official U.S. announcement that it will no longer adhere to SALT-II will undoubtedly whip up a new round of the nuclear arms race. According to reports, the majority of congressmen do not agree with the government's decision, and some of them have even made plans for legislative moves to force the Reagan administration to continue to adhere to the treaty. At the recent conference of NATO foreign ministers, the foreign ministers of various countries put pressure on the United States by appealing to it not to abandon SALT-II. In the face of these pressures, President Reagan defended and explained his administration's decision at his 11 June press conference, to reassure the country and the Western allies. Reagan stated that if the Soviet Union could take the correct action, he might retract his decision to break through the SALT restrictions.

The U.S.-Soviet SALT was signed in 1979 during the administration of President Carter. After the treaty was signed, there were always differing views on it in the United States, and later the treaty was shelved by Congress and has never been ratified, due to the Soviet invasion of Afghanistan. The Reagan administration has always taken a negative attitude toward the treaty since it came to power. Due, however, to various domestic and external factors, Reagan has guaranteed that "so long as the Soviet Union displays corresponding restraint, we will not violate the existing arms control agreements."

However, the United States and the Soviet Union have constantly bickered and accused each other of violating the treaty over the past 7 years. In the recent period of time, Reagan submitted a detailed report to Congress listing Soviet treaty violations, and in particular accusing the Soviet Union of having produced and deployed new type-2 SS-25 intercontinental missiles, building a new radar station in Siberia, continuing to use secret code in missile testing with the aim of hampering verification, and so on. For its part, the Soviet Union has denied this and has in turn accused the United States of breaking the treaty provisions on many occasions, such as by exceeding the stipulated number of multiwarhead missiles, building missile-launching silos on land above the stipulated number, deploying Pershing-II and cruise missiles in Western Europe, and so on.

However, there are other reasons why Reagan chose the present moment to threaten to scrap the treaty. According to analysis by foreign press and publications, the United States may have taken three aspects into account. First, it wants to influence the U.S.-Soviet arms control talks at Geneva. Since they were resumed last year, these talks have now gone to the fifth round, but they have still not entered the phase of substantive "bargaining," and there is not much chance of an agreement being reached in the near future. The United States hopes that a realistic plan for reducing nuclear armaments can be discussed as soon as possible. Second, U.S. midterm elections are due in November, and Reagan needs to take a hardline attitude to reassure the right-wing conservatives. The United States plans to deploy a number of new B-52 bombers carrying cruise missiles before the end of the year; when that happens, the total number of U.S. multiwarhead missiles and aircraft will exceed the 1,320 limit set by the treaty. U.S. Defense Secretary Weinberger said quite openly that this is for the purpose of reviving a "modern and effective deterrent force," to counter Soviet superiority in land-based missiles.

SALT-II was signed when there was parity between U.S. and Soviet nuclear forces. It is an agreement that seeks upward balance, and there are also many ambiguities in the text that give the two sides room for maneuver in continuing to develop their nuclear forces. The United States holds that the treaty provisions regarding multiwarhead missiles favor the Soviet Union, and that the Soviet Union has taken advantage of this loophole in the treaty to greatly develop its nuclear forces in recent years. The United States has therefore harbored the notion of changing the restriction on the number of carrier vehicles to a restriction on the number of warheads, so as to alter this aspect which is unfavorable for the United States. U.S. talks of scrapping the treaty also more or less reflects this U.S. thinking.

The current storm between the United States and the Soviet Union centered on whether to continue adhering to SALT-II also shows that there has been no relaxation in the positions of the two sides regarding disarmament. The Soviet Union has recently displayed some kind of "flexibility" while launching a vigorous "peace" offensive under the premise of making no substantial concessions. The aim of these Soviet proposals remains to pressure the United States into abandoning its "star wars" scheme, while the United States for its part seeks to force the Soviet Union to make a big reduction in its land-based intercontinental missiles. Hence, although one disarmament proposal after another has seen the light of day, not even minimal progress has ever been made at the Geneva disarmament talks. These proposals have turned into blank rounds. What now worries people in the West is that if the treaty is indeed dismantled, there will not even be a superficial restriction on the U.S.-Soviet arms race, and it is hard to predict what kind of a situation this will produce. The antagonism between the two countries will also increase.

NEWS ANALYSIS VIEWS U.S.-CANADA TRADE 'TIFF'

OW150209 Beijing XINHUA in English 0132 GMT 15 Jun 86

["News analysis: Canada, U.S. -- Trade War or Trade Talks?" by Zhang Yuanting -- XINHUA headline]

[Text] Ottawa, June 14 (XINHUA) -- The growing trade dispute between the United States and Canada is by no means "a tiff," even though U.S. Vice President George Bush has repeatedly stated that it is.

The term "free trade," favored so far by the Reagan administration, suddenly seemed meaningless when the United States unilaterally announced May 22 a 35-percent tariff increase on Canadian red-cedar shakes and shingles.

Prime Minister Brian Mulroney charged that the imposition of U.S. tariffs was "appalling and unacceptable." In retaliation against the U.S. move, Ottawa announced June 2 that it would reimpose and increase duties on some U.S. products, including books, computer parts, cider, Christmas trees, oatmeal and oil for making asphalt. Both the U.S. measures and the Canadian retaliatory move took effect June 6.

Another victim of the trade conflict is the oil and gas drilling equipment Canada exports to the United States, and people are expecting a levy of 27 percent on Canadian softwood products. American timber dealers have complained about the Canadian Government's "inappropriate" subsidies for the country's softwood exports and the U.S. International Trade Commission Tuesday began a hearing on the matter.

The new tariff, if imposed, would represent a fatal blow to the Canadian softwood industry, which takes up one-third of the U.S. market and sold four billion Canadian dollars worth of its products to the United States last year. This new move also would threaten 300,000 related jobs for Canadians, a situation that is too harsh to be described as trifles between the two neighbors.

The present trade dispute between the two North American nations set the tone for their ongoing free trade talks, which began May 21. Any substantial outcome, as it looks like, can only be achieved on the basis of immediate resolution of the current tariff war. On all accounts, however, Bush's four-day visit to Canada this week has achieved little in this respect.

In Vancouver, Bush pledged to minimize the impact of the tariff war. Yet, the vice president could offer his 1,000 audience nothing more than the importance of U.S.-Canadian friendship and his government's determination to continue the free trade talks. What he stated next day at a press conference in Ottawa was simply a repetition of what he announced in British Columbia. At times, the vice president sounded so ambiguous that many observers suspected that he was more interested in temporarily easing the tension than in finding a real solution to the conflict. The U.S. investigation in subsidies for Canadian softwood products remained a worry for Bush's hosts here because they were apparently dissatisfied with his vague statement that the Reagan administration will strictly adhere to the U.S. trade laws. It could be only interpreted as an excuse for new tariffs if the United States thought the subsidies were "inappropriate," they said.

Last year, Washington had a 148-billion-dollar trade deficit with its trading partners, of which 20 billion was with Canada, next only to that with Japan. The growing trade imbalance has sparked cries of protectionism and other retaliatory measures from many American legislators.

President Ronald Reagan, who has declared himself a staunch opponent to protectionism, still takes his free trade doctrine as a cure to trade imbalance. During his visit to Canada March 1985, the President called in Quebec City for direct free trade talks between the two countries and believed that low-tariff or tariff-free trade between the two big powers could benefit both sides of the border. Neither the president's belief nor his proposed talks have produced any substantial results. The U.S. trade deficit seems to be denying gravitation and, according to Bush, more and more U.S. legislators began to favor stronger measures to check its momentum.

Given the fact that the Reagan administration remains factious on the issue, the U.S. future trade policy toward Canada will be a combination of opposite stances -- free competition and protectionism. As a Canadian newspaper put it, "free trade in words, protectionism in deeds" will be Washington's position in the U.S.-Canadian free trade negotiations.

SINO-U.S. SATELLITE LAUNCH PACT SIGNED

HK170257 Beijing CHINA DAILY in English 17 Jun 86 p 1

[By staff reporter]

[Text] Two U.S.-built communications satellites are to be launched in the next two years by China Great Wall Industry Corporation, an affiliate of the Ministry of Astronautics, and Teresat Inc, a United States company headquartered in New York City.

Under the agreement, the first satellite will be sent up in the last quarter of 1987 and the second six months later. Both will be launched at Xichang in the southwestern province of Sichuan. The cost will be 10 to 15 per cent below the world market price, Uker, deputy manager of the China Great Wall Industry Corporation, told CHINA DAILY.

China has successfully launched 18 satellites since 1970. It has had only one failure -- in 1974, when attempting to put up its first recoverable satellite.

In launching the U.S.-made satellites, Uker, who is a senior engineer in the field, said his corporation will seek coverage from the People's Insurance Company of China. Teresa expects to buy insurance for its two satellites in the United States.

RENMIN RIBAO REPORTS REAGAN REMARKS ON USSR PROPOSAL

HK170658 Beijing RENMIN RIBAO in Chinese 13 Jun 86 p 7

["Special dispatch" from Washington by reporter Zhang Yunwen: "Reagan Confirms That the Soviet Union Has Put Forward a New Proposal on Reducing Nuclear Weapons"]

[Text] Washington, 11 Jun -- U.S. President Regan confirmed today that at the Geneva arms control talks, the Soviet Union put forward a new proposal on reducing nuclear weapons. A U.S. Government official has revealed that the new Soviet proposal not only includes the reduction and limitation of strategic arms, but also involves medium-range nuclear weapons and space weapons. Reagan remarked that he would study the Soviet proposal, and added that the United States would, in several months to come, do its best to negotiate with the Soviet Union on a realistic program for reducing nuclear weapons, in order to replace the nuclear arms limitation treaty which has not been approved but is overdue. Reagan said that he believed that, like himself, Gorbachev also wants to hold a summit meeting between the two countries, and Reagan was of the opinion that the meeting would soon take place.

At a nationwide televised press conference tonight, reporters' questions concentrated on the U.S.-Soviet nuclear arms reduction treaty. The United States has announced that by the end of this year, it will deploy 131 B-52 bombers armed with cruise missiles. At that time, the number of U.S. strategic missiles will exceed the limit set by the treaty, and the United States will no longer be bound by the treaty. This decision produced strong repercussions in the United States and in the rest of the world. Public opinion maintains that this decision has broken the 15-year arms control and will, undoubtedly, aggravate the arms race.

Reagan said that all the treaty did was to regulate the increase rate and number of weapons and to legitimize the arms race, and that it did not do anything nuclear weapons or the nuclear threat. Therefore, he has always opposed it. At tonight's press conference, Reagan accused the Soviet Union of violating the SALT II Treaty, but added that he would withdraw the decision of breaking through the restraints of the SALT II Treaty if the Soviet Union would take a correct attitude.

At the beginning of the press conference today, Reagan called on Congress not to cut the defense budget and urged it to approve the taxation system reform bill and the \$100 million aid package to the Nicaraguan anti-government forces. These three motions are still under debate and will soon be put to the vote.

SHULTZ SAYS NEW SOVIET PROPOSAL 'GOOD SIGN'

OW140854 Beijing XINHUA in English 0659 GMT 14 Jun 86

[Text] Washington, June 13 (XINHUA) -- U.S. Secretary of State George Shultz said today the new Soviet proposals to reduce long-range nuclear weapons put forth in Geneva on Wednesday are "a good sign." Appearing on a telecast sponsored by the U.S. Information Agency, Shultz said while those proposals "have a propagandistic value," they "have substance in them....that's a good sign."

Unidentified government officials told ASSOCIATED PRESS today that in these proposals, the Soviet Union dropped its earlier demand that U.S. fighter-bombers in and around Europe be counted as strategic weapons and offered to raise the limit on total nuclear forces. In exchange, the officials said, the United States would have to agree to abide by the 1972 anti-ballistic missile treaty for 15 to 20 years.

White House spokesman Larry Speakes told reporters yesterday that the United States found those proposals "interesting" and would give them "a serious study."

USSR ENVOY URGES U.S. TO REVERSE SALT II DECISION

OW140701 Beijing XINHUA in English 0642 GMT 14 Jun 86

[Text] Washington, June 13 (XINHUA) -- A top Soviet diplomat warned today that if the United States really scraps the SALT II Treaty, it will evoke "a chronic arms competition" and possibly cast away the chance for a new U.S.-Soviet summit. At a Soviet Embassy news conference here, Soviet Deputy Ambassador Oleg Sokolov said the Soviet Union would not remain "a passive onlooker" if Washington ended its "technical" compliance with the 1979 accord but it would take "proportionate" measures to preserve the superpower "strategic parity."

When the United States breaks out of previous arms control agreements, he said, "all the limitations provided for in them will become invalid, such as the limitation on the number of the strategic delivery vehicles and the number of warheads on them." Furthermore, he contended, the actual U.S. abandonment of the SALT II Treaty would affect "in the most serious and negative way" overall U.S.-Soviet relations, including arms control talks and "in particular" the chance for a second summit this year.

He urged the United States to preserve the SALT II Treaty as a "base" for further agreements to curb the buildup of nuclear weapons by the two superpowers. Should President Reagan reverse his decision, "it certainly enhances the prospect, not only for relations in general, but for the summit meeting in particular," he said.

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C 1

GORBACHEV REVEALS DETAILS OF DISARMAMENT PLAN

OW170556 Beijing XINHUA in English 0540 GMT 17 Jun 86

[Text] Moscow, June 16 (XINHUA) -- Soviet Leader Mikhail Gorbachev today revealed details of the latest Soviet disarmament proposal and said a new Soviet-U.S. summit was feasible if there was a possibility that concrete agreements could be reached.

Speaking at a one-day plenary meeting of the Soviet Communist Party's Central Committee, Gorbachev said that in attempting to find mutually acceptable solutions to the arms race, Moscow has taken "new steps", which include a U.S.-Soviet agreement on non-withdrawal from the 1972 Anti-Ballistic Missile (ABM) Treaty for at least 15 years and on limiting the research of the U.S. Strategic Defense Initiative (SDI), "star wars", to laboratory testing. Moscow's proposal also call for the limiting of American and Soviet strategic offensive arms to 1,600 units each with a total number of warheads of no more than 8,000.

"The question of medium-range weapons capable of reaching the territory of the other side, including that of long-range cruise missiles, could be solved separately," Gorbachev said. The Soviet proposal has already been presented to the U.S. at the Geneva arms control talks. "If the Americans ignore, this time as well, our initiatives, it will be clear that the present U.S. Administration is playing an unseemly game in the most serious question on which determines the future of man," Gorbachev said.

Washington, he said, "is assuming the gravest responsibility to mankind" by refusing to end nuclear testing and join the Soviet moratorium.

However Gorbachev insisted a new Soviet-U.S. summit was "possible" but said it would require "a atmosphere that would open up prospects for reaching real agreements."

Gorbachev also referred to last week's Warsaw Pact summit in Budapest, calling it "a major contribution of socialist countries to the struggle for improving the international situation." The summit ended with a disarmament initiative calling for NATO-Warsaw Pact cuts of 100,000 to 150,000 soldiers over the next one or two years and a 25 percent reduction in troop strength by the early 1990s. Gorbachev said the Warsaw Pact meeting also approved the Soviet idea for a mutual effort by all countries to realize the "star peace" program. It would include international cooperation in communications and navigation as well as land, air and space rescue operations and remote sensing. The "star peace" program is apparently a Soviet bid to stop the U.S. "star wars" project, which aims to build a anti-missile shield in space.

SOVIET UNION PROPOSES 'STAR PEACE' PROGRAM

OW121414 Beijing XINHUA in English 1403 GMT 12 Jun 86

[Text] Moscow, June 12 (XINHUA) -- In a major effort to stop the U.S. "star wars" project, the Soviet Union today proposed a three-stage joint program on peaceful space development to realize what Moscow termed "star peace" by the year 2000. It also called for a special international conference to discussed establishing a world body on peaceful space exploration.

In a letter to United Nations Secretary-General Javier Perez de Cuellar, Soviet premier Nikolay Ryzhkov said the joint space project would include international cooperation in communications and navigation as well as land, air and space rescue operations and remote sensing, according to the Soviet news agency TASS.

Ryzhkov said the first stage of the project, which would be carried out in the next five years, should be focused on the assessment of world people's needs for space development. The second stage, Ryzhkov said, calls for coordinated efforts to study and develop space technology in the early 1990s. The last stage would be concluded before the year 2000 and would involve the launching of spacecrafts and the installation of necessary ground facilities.

The Soviet "star peace" project appears to be a major countermeasure to the U.S. Strategic Defense Initiative (SDI), commonly known as the "star wars" project, a plan to build an anti-missile shield in space. Moscow has repeatedly called upon Washington to abandon the SDI plan, offering instead its "star peace" project, but this appears to be the first time the Soviet Union has revealed details of its initiative.

USSR URGES U.S. RESPONSE TO WARSAW PACT PROPOSAL

OW151235 Beijing XINHUA in English 1216 GMT 15 Jun 86

[Text] Moscow, June 15 (XINHUA) -- The Soviet Union complained today that the United States and its NATO allies have not made a positive response to the disarmament proposal made by the Warsaw Pact last week, saying that the West position on the issue was an obstacle to arms control.

Leading official Soviet newspaper PRAVDA said in a commentary that while the U.S. State Department promised to further study the proposal put forward by Warsaw Pact nations in Budapest, Washington has tried to give the impression that real disarmament progress was already made possible by Western arms control initiatives. "As a matter of fact, the disarmament stance adopted by the West still constitutes an obstacle to real solutions to disarmament issues," the newspaper said.

It urged Washington and other NATO countries to respond positively to the proposal, which called for an East-West troop reduction of 100,000 to 150,000 soldiers for each side over the next one or two years and a 25 percent cut in troop strength by the early 1990s. The newspaper also accused U.S. President Ronald Reagan of taking a dangerous step in preparing not to abide by the 1979 SALT II Treaty. Any U.S. accusation of Soviet violation of the treaty is not convincing, it said.

PHILIPPINE VICE PRESIDENT CONTINUES VISIT IN BEIJING

Further on Zhao, Laurel Talks

OW161445 Beijing XINHUA Domestic Service in Chinese 0813 GMT 16 Jun 86

[Excerpt] Beijing, 16 Jun (XINHUA) -- Premier Zhao Ziyang told Philippine guests today that he believes the new Philippine Government can surely create a more stable domestic situation and further rehabilitate and develop the economy under the leadership of President Corazon Aquino and Vice President Salvador Laurel.

Zhao Ziyang said: China and the Philippines are friendly and close neighbors with profound contacts in history. Since the new Philippine Government was founded, the friendly relations have continued to develop between the two countries. The Chinese Government appreciates the positive attitude taken by the new Philippine Government in promoting Sino-Philippine friendship. Zhao Ziyang made the above remarks when holding talks with Laurel, vice president and foreign minister of the Philippines, in the Great Hall of the People this morning.

Laurel said that the Philippines and China have never been enemies in the past, and that there is no reason that they should not become the best friends.

The Philippine vice president pointed out: China was one of the earliest countries to recognize the new Philippine Government. The Philippines highly appreciates the timely sympathy and support given to the new government by the Chinese Government's firm policy to develop neighborly and friendly relations with the ASEAN countries. China hopes the ASEAN countries will become strong and united and support ASEAN's desire to turn Southeast Asia into a peaceful, free, and neutral region. The Chinese Government highly values ASEAN's role in promoting peace and stability in the Southeast Asian region. He added that there are very good prospects for economic and technological cooperation by China with the Philippines and other ASEAN countries.

Laurel said the ASEAN countries are looking forward to the development of more fruitful cooperation with China. He expressed the conviction that the ASEAN countries will surely intensify their cooperation with China in the political and economic fields.

He gave a briefing on the measures taken by the new Philippine Government since its founding to stabilize the political situation and rehabilitate the economy. He expressed the opinion that winning the trust of the people is the key to the existence of any government.

Zhao Ziyang briefed the guests on China's economic structural reform and the policy of opening to the outside world. He said: Generally speaking, China is advancing while exploring ways to make progress. From what we can see now, we can succeed in reform without experiencing serious setbacks.

The two sides discussed expansion of trade and cooperation in the economic and cultural fields. They agreed that both countries are developing countries, and that barter trade to supply each other's needs would be a good thing.

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E 2

PRC INTERNATIONAL AFFAIRS
SOUTHEAST ASIA & PACIFIC

Laurel Confers With Wu Xueqian

OW161340 Beijing XINHUA in English 1337 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Visiting Salvador H. Laurel, Philippine vice president and foreign minister, met Wu Xueqian, Chinese state councillor and foreign minister, at the State Guesthouse here today. They exchanged views on strengthening bilateral friendly relations and cooperation, as well as on international issues of common interest.

Holds Talks With Zheng Tuobin

OW161422 Beijing XINHUA in English 1351 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Salvador H. Laurel, visiting Philippine vice-president and foreign minister, met and exchanged views on bilateral economic and trade relations with Zheng Tuobin, Chinese minister of foreign economic relations and trade, here today.

Laurel expressed his satisfaction with the development of bilateral economy and trade, and hoped China would take positive measures to redress the trade imbalance, currently in China's favor.

Zheng told him that China attaches great importance to balancing trade between the two countries and has already adopted a series of measures to this end. He welcomed Philippine private businessmen to engage in trade with China while China maintains its relations with state-owned trading companies in the Philippines. He also welcomed more Philippine businessmen to take part in the annual Guangzhou commodities fair. "This will make the bilateral trade more flexible and varied," he added.

Laurel hoped that China would invest in the Philippines' forestry and mining industries.

Zheng shared his views and said China would take a positive attitude to promoting mutual investment.

Dines With Tian Jiyun

OW161418 Beijing XINHUA in English 1356 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Chinese Vice-Premier Tian Jiyun gave a dinner in honor of Salvador Laurel, Philippine vice-president and foreign minister, and Mrs. Laurel at the Diaoyutai State Guesthouse here today.

Meets Deng Xiaoping 17 Jun

OW170825 Beijing XINHUA in English 0809 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) -- "China and the Philippines can be very good friends," Deng Xiaoping, chairman of the Chinese Communist Party Central Advisory Commission, said here today. He said President Corazon Aquino is welcome to visit China at any convenient date.

At a meeting with Philippine Vice-President and Foreign Minister Salvador Laurel in the Great Hall of the People, the senior Chinese leader said China is happy that the Philippine people made a very significant choice last February. China and the Philippines have long been close friends, Deng said. Relations between the two countries have been almost without any problems since they recognized each other in 1975. China has always respected the volition of other peoples, he said, expressing the belief that the friendly cooperation between China and the Philippines will continue to develop.

Laurel's talks with the Chinese leaders over the last couple of days have testified to the close ties between the two countries, he added.

Laurel expressed his gratitude for China's timely sympathy, understanding and support for the new Philippine Government, which won the recognition of the Chinese Government almost immediately after its formation. China sent a government cultural delegation to sign the first agreement with the new Philippine Government one week after it came into power, he said.

The new Philippine Government is committed to promoting the sincere friendship deeply rooted among the two peoples, the vice-president said. Laurel considered his talks with the Chinese leaders this week "sincere, frank and fruitful," at which the two sides shared similar views on a number of questions of mutual concern.

Deng Xiaoping briefed his guest on the "one country, two systems" concept, with which China resolved the Hong Kong issue. China intends to settle the Taiwan question using this concept, too, which is aimed at solving problems without resorting to arms. China is for settling international issues peacefully, he declared.

Laurel expressed his appreciation of the way the Hong Kong question was resolved. The Taiwan question, he said, should also be settled by the Chinese people themselves without external interference. The Philippine Government will continue to pursue the "one China" policy, the vice-president reiterated.

FURTHER ON HU YAOBANG'S EUROPEAN VISIT

Li Peng Discusses Energy Policy

HK160310 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0919 GMT 15 Jun 86

[Text] Bonn, 15 Jun (ZHONGGUO XINWEN SHE) -- Vice Premier Li Peng answered questions put by representatives of Overseas Chinese and Chinese students in the FRG when he met them with General Secretary Hu Yaobang today. He spoke on China's energy policy and the Sanxia [Three Gorges] project.

On China's energy policy, Li Peng said: "China has rich coal resources and also a certain amount of oil. There are also rich hydropower resources. Hence, China will mainly depend on thermal power, coal, and hydropower to solve its electricity problem. However, China is also prepared to go in for a little nuclear power, on a very small scale. The main purpose of this is to follow in the tracks of advanced world technology. Of course, it is also aimed at solving a bit of the electric power problem. The nuclear accident at Chernobyl has aroused extremely great concern in China as well as in Europe. We are basically using American technology, pressurized water reactors, in the nuclear power plants we are now building. This is totally different from the technology at Chernobyl. We hold that this technology we are using is relatively advanced and mature, and relatively reliable in the safety aspect. However, the Chernobyl incident has also taught us a lesson, and we will have to all the more adopt measures stressing safety in design, construction, and future operations. We are also prepared to promote international cooperation in nuclear safety."

Regarding the Sanxia project, Li Peng said: "The Sanxia project is a project of tremendous and comprehensive benefit for power generation, flood prevention, protection of Wuhan City and the lower reaches of the Chang Jiang, waterway transport, and so on. Preparatory work for this project was started by the Americans back in the 1940's. After the liberation, we specially set up a very large design organ, which has engaged in protracted work for over 30 years now. Since this is a very large project with a bearing on the overall scheme of the four modernizations and on posterity, we are adopting the following approach: 1) To be positive and not avoid engaging in this project. We still want to go ahead with it. 2) To be cautious, extremely cautious. We are preparing to organize demonstrations and proofs, and we will also hire a number of foreigners who are experienced in hydroelectric station construction to take part in the consultations. At present some people are saying that China will contract this project to foreign countries. That is not so. We are only inviting foreigners to provide some technical consultative service."

Leaves FRG for France

OW161750 Beijing XINHUA in English 1736 GMT 16 Jun 86

[Text] Munich, June 16 (XINHUA) -- Chinese Communist Party leader Hu Yaobang concluded his five-day visit to Federal Germany and left for France by special plane today to continue his four-nation West Europe tour. Accompanied by Minister-President of the Land Bavaria Franz Josef Strauss, Hu reviewed a guard of honor at a grand seeing-off ceremony at the airport. Also present on the occasion were Guo Fengmin, Chinese ambassador to Federal Germany, and Per Fischer, Federal German ambassador to China.

Accompanying Hu on his current trip are Vice-Premier Li Peng, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Fei Xiaotong, and Vice-Minister of Foreign Affairs Zhou Nan.

This morning Hu visited the city art gallery, one of the world's six largest, which boasts 2300 peices by German, Italian, French, Dutch and other masters living between the 14th and 18th centuries. Meanwhile, Vice-Premier Li Peng visited Deutsches Museum, the largest scientific and technological museum in the world.

Roundup on Hu's FRG Visit

OW160947 Beijing XINHUA in English 0833 GMT 16 Jun 86

["Roundup: Hu Yaobang Winds Up Visit in Federal Germany" -- XINHUA headline]

[Text] Munich, June 16 (XINHUA) -- Chinese Communist Party leader Hu Yaobang leaves here for Paris today, winding up what he described as fruitful discussions with Federal German leaders on world peace and the friendship and cooperation between the two countries and between China and Europe as a whole.

Hu arrived here Saturday from Bonn where he had met with Federal German Chancellor Helmut Kohl, Social Democratic Chairman Willy Brandt as well as President Richard Von Weizsacker, Foreign Minister Hans-Dietrich Genscher and other Federal German politicians.

He told his hosts that the two superpowers possessing the largest nuclear arsenals should sit down for serious talks instead of bogging down the blind alley of confrontation. He called on all peace-loving countries and people to jointly pressure the superpowers to stop the arms race, including the race in outer space and to stop all acts of bullying of the weak. He called upon the superpowers to stop interfering in the internal affairs of other countries and violating their national sovereignty. In this respect, he said, Europe and China are two important forces and can play a significant role in checking war and safeguarding peace.

Hu also noted "important progress" towards a united and strong Western Europe and welcomed the increased contacts between Eastern and Western Europe.

On the North-South issues, Hu urged for reforming the present international economic order, saying that to help developing countries is the obligation of their own continued development. So long as the gap between the North and the South is widening and hundreds of millions of people go hungry, there is no justice, peace and stability to speak of, Hu said.

In a speech to 250 leading Federal German businessmen on Friday, Hu pledged that the opened door of China will never be shut again. Having suffered from self-imposed seclusion for three to four centuries, "we are determined to pursue the policy of opening to the outside world for a long time to come," he said.

Hu asked businessmen to see things in a long-term perspective, adhere to the principle of equality, reciprocity, patience and mutual understanding, and assume more flexible approaches in pursuing economic cooperation with China.

The general secretary said the Chinese people and government desire strong Sino-Federal German relations in all fields on the basis of long-term stability.

Hu noted that the economic relations between China and Federal Germany, its largest trading partner in Europe, have been developing smoothly, with the total volume of bilateral trade in 1985 exceeding three billion U.S. dollars. But "in my view, there are still vast potentials for further cooperation," he said. Hu called on Federal German businessmen to offer China funds, technology and managerial expertise in exchange for its abundant human and material resources and vast market.

Federal German Chancellor Kohl told his guest that relations between their countries are "advancing on the sound track" and that they share identical views on many political issues. Both the Federal German and Chinese Governments oppose international aggression and support the rights of self-determination of the Afghan and Kampuchean peoples and the withdrawal of foreign troops from Afghanistan and Kampuchea, he said. Kohl also said the economies of the two countries complement each other, establishing a basis for the broad development of bilateral economic relations.

Brandt told his Chinese guest that despite disarmament negotiations over the past 30 years, the arms race has actually intensified. He said he hoped that Federal Germany and China could become partners in the search for peace, equality and unity and that relations between his party and the Chinese Communist Party will continue to grow.

At a press conference held in Bonn Friday, Hu said his five-day visit, although short, is fruitful. "I have strongly felt that Sino-Federal German friendship has struck roots in the hearts of our two peoples," he said.

On Thursday, the day of his arrival in Federal Germany, Hu travelled to North Rhine-Westphalia, the major industrial state of Federal Germany.

Yesterday morning, Hu visited an animal husbandry research center in the suburbs of Munich. The center, the largest of its kind in Federal Germany, helps train personnel from 17 countries, including China. Impressed by the advanced technology in the center, Hu said there are "bright prospects" for further cooperation between China and Federal Germany in animal husbandry.

Hu, jointly invited by Kohl and Brandt, arrived in Bonn after a visit to Britain. His current 16-day European tour will also take him to Italy after he completes his visit to France.

French Press Welcomes Hu Visit

OW161803 Beijing XINHUA in English 1747 GMT 16 Jun 86

[Text] Paris, June 16 (XINHUA) -- The French press has carried a number of editorials and articles welcoming Chinese Communist Party General Secretary Hu Yaobang's visit to France, which begins today.

"L'ECHO" stated in an article that Franco-Chinese relations have been well established in the economic domain as well as on vital diplomatic and political issues, and Hu's visit to France "indicated Beijing's desire to strengthen its ties with the old continent" (Europe). France should also make up its mind to provide more technical aid to help with China's economic take-off, if it wishes to maintain good relations, the paper said.

"LE FIGARO" remarked that both France and China are self-determining nuclear powers and both are members of the U.N. Security Council. Like China, France bases its policy of independence on dialogue with the two superpowers and on its ties with the Third World. The paper said the two countries are very close to each other in their viewpoints on East-West relations and disarmament.

"L'HUMANITE" published a schedule of Hu's visit to France, and carried a picture of his arrival in Bonn.

"EUROPEAN TIME," a Chinese-language newspaper published here, gave an editorial salute to the general secretary's visit, calling it "a big event in Sino-French relations which will have far-reaching, historical significance." The paper said it is indispensable to further strengthen and develop the friendly relations between France and China, countries which play an influential role in the international arena. The leadership of the two countries has over the past two decades strived to maintain these friendly relations, the paper said. The Chinese-language publication also expressed the belief that friendship and cooperation established on the basis of common interest will stand the test of time and no force whatsoever can break it.

The paper said that China leaders have put forward the basic national policy of "revitalizing China", which means that internally, it will boost its economic construction through reforms and its open-door policy, and externally, it will uphold its policy of independence, self-determination and peace. It can be predicted that China will stick to its national policy and will assume a new look in the world, the paper said.

"EUROPEAN TIME" concluded by expressing a heartfelt welcome to Hu Yaobang on his visit to France and the hope that the friendship between the two countries will remain evergreen.

Hu, Li Peng Arrive in Paris

OW161503 Beijing XINHUA in English 1438 GMT 16 Jun 86

[Text] Paris, June 16 (XINHUA) -- Chinese Party leader Hu Yaobang arrived here this afternoon for an official visit to France, the third leg of his four-nation West Europe tour aimed at promoting friendship, cooperation and peace. Hu, general secretary of the Central Committee of the Communist Party of China, is accompanied by Li Peng, vice-premier; Fei Xiaotong, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference; Zhu Liang, head of the International Liaison Department of the CPC Central Committee; and Zhou Nan, vice-minister of foreign affairs.

Given 'Red-Carpet Welcome'

OW162041 Beijing XINHUA in English 2019 GMT 16 Jun 86

[Text] Paris, June 16 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang was accorded a red-carpet welcome by President Francois Mitterrand when he arrived here today to start a four-day official visit to "further bilateral relations and promote peace in the world." Hu's special plane touched down at 04: 20 p.m. (local time) at Orly airport. Hu, accompanied by President Mitterrand, inspected the republic's guard of honour after a military band played the national anthems of the two countries.

In a speech at the airfield's pavilion of honor, President Mitterrand recalled the amicable reception and hospitality he had received during his visit to China in 1983. He said he was looking forward to further discussions with Hu on important international issues, and on peace and balance in the world. He expressed the hope that the general secretary's visit would be a great success in promoting bilateral contacts and for the benefit of the world.

In his speech, General Secretary Hu recalled his "very pleasant and friendly" talks with the president in Beijing and said he was convinced that his visit to France would be quite fruitful. "France is a great nation who has made its significant contributions to human civilization and world progress," Hu said.

As for the future of the Chinese and French people and that of the human race at large, Hu said he was thinking of the famous words of a great French thinker, Francois-Marie Arouet Voltaire, that man's greatest treasure is hope. No one would go sowing if people just think of the present.

Hu and Mitterrand left Orly airport by helicopters and changed for cars at the Invalides Square in the city. Then they drove to Marigny Hotel, a guest house usually reserved for visiting heads of state and government.

The two leaders will have talks this afternoon at Elysee Palace, where a state dinner will be given in Hu's honor by President Mitterrand this evening.

France is the third leg of the Chinese leader's four-nation West European tour which has taken him to Britain and Federal Germany. Among Hu's entourage are Vice Premier Li Peng, and Fei Xiaotong, vice chairman of the National Committee of the Chinese People's Political Consultative Conference.

Holds Talks With Mitterrand

OW170036 Beijing XINHUA in English 0027 GMT 17 Jun 86

[Text] Paris, June 16 (XINHUA) -- Hu Yaobang, visiting general secretary of the Central Committee of the Communist Party of China, met with French President Francois Mitterrand here this afternoon. The Chinese party leader arrived earlier this afternoon for a four-day official visit, a part of Hu's Western Europe tour, which has also taken him to Britain, Federal Germany and will end in Italy.

Hu said he appreciated the role that France has played in major international issues and expressed satisfaction with the development of the relations between China and France in recent years. Hu also briefed the French president on the situation in China and China's view on major international issues.

Mitterrand told Hu that he was pleased to see the identical positions of France and China on world peace, disarmament and other matters. The French president also briefed Hu Yaobang on the development of the European communities and France's position on relations with Third World countries. Mitterrand stressed that France's European policies are the "major axis" of its entire foreign policies and Paris-Bonn relations have a special role in the development of Europe, an Elysee official said.

Hu, Mitterrand Speak at Banquet

OW171014 Beijing XINHUA in English 0937 GMT 17 Jun 86

["Roundup: Hu Says Europe Can Help Deter War" -- XINHUA headline]

[Text] Paris, June 16 (XINHUA) -- Chinese Communist Party leader Hu Yaobang, who arrived here earlier today on a four-day visit to France, said a united and strong Europe can play an "immeasurably active" role in preventing war. Speaking at a dinner given in his honor by President Francois Mitterrand at the Elysee Presidential Palace, General Secretary Hu said it is groundless to be pessimistic about the role and future of Europe. Europe has not only a bright past but an even brighter future, he said.

"A growing and strengthening Europe, united on the basis of common interests, will have an immeasurably active part to play in restraining war and preserving peace, just as a revitalized China, which pursues its own independent foreign policy for peace, will do," he said.

Hu also urged for North-South dialogue and cooperation, saying that "without the economic growth of the developing countries, the developed nations would be in a difficult position in respect of their raw material sources, markets as well as exits for their capital investment and it would not be easy for them to secure an enduring growth."

Hu said he admired the reasonable stand taken by some French friends on the issue of South-North cooperation. "It is my hope and conviction that France will make its own contributions to that end," he said. China and France, he pointed out, share many similar or identical views "on peace and development, the two most fundamental issues of the time." He said both China and France want to prevent war and call for East-West dialogue and oppose the arms race, aggression and expansionist policies. "Both believe that it is the superpower's duty to reduce their armament first and that they have no right to dictate to the rest of the world," he said.

Hu, invited by French President Mitterrand, was met by Mitterrand and given a red-carpet welcome upon his arrival at the Orly airport this afternoon. Hu is the second top Chinese leader to visit France in two years after Premier Zhao Zhiyang's trip here in June 1984. In 1983, Mitterrand also paid a five-day visit to China.

In the past five years, bilateral economic relations between France and China have developed rapidly, particularly in the fields of energy exploration, transportation and nuclear power plant construction. The total value of Sino-French trade in the first four months of this year reached 332 million U.S. dollars, 38 percent more than last year.

Hu said at the dinner that he is satisfied with the increased high-level dialogue and political consultations between China and France and the expansion of economic, cultural, scientific and technological cooperation. "We sincerely hope that Sino-French relations will continue to maintain the good trend of development and grow on the basis of long term stability," he said.

In his welcoming speech, Mitterrand said that France attaches particular importance to friendship and cooperation with China, "the two countries discover they have extensive similarities or convergent views on the order of world. All this has led to solid links and affirmed their will of understanding each other, listening to each other and working together."

He expressed confidence in the future of French-Chinese relations. He also praised the "decisive role the Chinese leaders are playing in the life of the present world."

Referring to the issue of disarmament, Mitterrand said France pursues an independent policy based on nuclear deterrence and is seeking the equilibrium of forces at the lowest level possible. France is determined not to disarm itself so long as others continue to accumulate weapons, he said.

The French president also called for international dialogue, and expressed his opposition to violence and interference in the internal affairs of other countries.

Before the dinner, Hu and his entourage, which includes Vice Premier Li Peng and Fei Xiaotong, vice chairman of the Chinese People's Political Consultative Conference, met with President of the French Senate Alain Poher.

Hu is currently on a 16-day European tour which has already taken him to Britain and Federal Germany. He will travel to Italy after completing French visit.

Expansion of Remarks by Hu

OW170220 Beijing XINHUA in English 0152 GMT 17 Jun 86

[Text] Paris, June 16 (XINHUA) -- Chinese party leader Hu Yaobang said here tonight that relations between the developing and developed countries should be based on the principle of equality and mutual benefit, complementary for each other and aimed at common prosperity through North-South dialogue and cooperation.

[Words indistinct] at a state dinner hosted by President Francois Mitterrand at the Elysee Palace.

"The world today is increasingly becoming an economically interdependent whole," he said. "Without the economic growth of the developing countries, the developed nations would be in a difficult position in respect of their raw material sources, markets as well as exits for their capital investment and it would not be easy for them to secure an enduring growth."

Hu said he admired the reasonable stand taken by some French friends on the issue of South-North cooperation. "It is my hope and conviction that France will make its own contributions to that end," he added. Hu, general secretary of the Central Committee of the Chinese Communist Party, said: "We are pleased to note that China and France share many similar or identical points of view on peace and development, the two most fundamental issues of the time." He listed the common points of view shared by the two countries as follows:

-- Both are determined to prevent the war from breaking out again not just in the rest of the century but also in the next century.

-- Both stand for East-West dialogue and against confrontation between them, for disarmament and against the arms race, for respect for other countries' sovereignty whilst against aggression and expansionist policies.

-- Both believe that it is the superpowers' duty to reduce their armament first and that they have no right to dictate to the rest of the world.

"Affairs in each country should be managed by its own people while world affairs should be managed by all countries together on the basis of equality," the general secretary said.

He said it is in the interests of world peace and development that France, as an economically well-developed, scientifically and technologically advanced major European country and as a permanent member of the United Nations Security Council, plays a significant part in the cause of maintaining world peace and promoting world economic development.

Further Remarks by Mitterrand

OW170648 Beijing XINHUA in English 0628 GMT 17 Jun 86

[Excerpts] Paris, June 16 (XINHUA) -- French President Francois Mitterrand today said that the current visit by General Secretary Hu Yaobang to France demonstrated the will of the Chinese leaders to open their country to the outside world including Europe.

Speaking at the dinner he hosted in honor of Hu Yaobang, general secretary of the Central Committee of the Chinese Communist Party, Mitterrand said he is confident in the future of France and China and their relations. He also praised the "decisive role the Chinese leaders are playing in the life of the present world."

He said Hu's presence at the dinner itself showed the excellent relations between France and China. Invited by Mitterrand, Hu arrived here this afternoon to pay a four-day visit to France. Mitterrand said that "the two countries discover they have extensive similarities or convergent views on the order of the world. All this has led to solid links and affirmed their will of understanding each other, listening to each other and working together." What brings the two nations together is neither the geographical location, nor cultural background and political system, but the will of the two countries to assume without aggressivity their place in the world, the French President said.

Mitterrand stressed that France attached particular importance to the friendship and cooperation with China. "In the sentiments we feel towards you lie not only the respect for one of the most ancient and brilliant civilization but also the admiration for the efforts you have made in your country," he added.

The French president called for dialogue, and opposed violence and the interference in others' affairs. He said it is not impossible to make progress on disarmament and the development of the Third World. He said the regional conflicts are threatening peace. He held that France and China can make joint efforts to take into consideration the objective of peace for tomorrow. He concluded that France attaches particular importance to the deepening of the cooperative relations with China and appraises China's efforts to overcome its own difficulties.

LIAOWANG ARTICLE ON TIES WITH WESTERN EUROPE

HK131447 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 23, 9 Jun 86 p 26

[Article by Bao Hua: "Relations Between China and Western Europe Are Developing Day by Day"]

[Text] In recent years, China's relations with Western Europe have undergone new developments, both in scope and quality. Not only are mutual political links strengthened, and economic ties closer, but cooperation and exchanges in the fields of science, technology, culture and education have achieved further progress.

Exchange visits between high level leaders of China and Western European states have increased. In 1985 alone, eight heads of governments and five foreign ministers from Western Europe visited China. On the other hand, Chinese leaders also repeatedly travelled to Western European countries. Following the visits of President Li Xiannian in 1984, Premier Zhao Ziyang in 1984 and 1985, General Secretary Hu Yaobang will visit Great Britain, the Federal Republic of Germany, France and Italy. This is the first official visit to Western European countries by the highest leader of the Chinese Communist Party. His visit will promote mutual understanding and propel the development of bilateral relations.

In recent years, China built close economic ties with Western Europe which has become not only an important source of advanced technology and equipment for China but also a major market for China's farm and livestock products, arts and crafts, textiles and mineral products. Last year, trade volume between the two totalled 9 billion dollars, an increase of almost 32 percent over that of the previous year and 7 times more than that of 1970. At present, Western Europe ranks second to Japan as China's second largest trading partner (excluding Hong Kong and Macao). In 1985, trade relations between China and France were greatly developed with the conclusion of several important agreements and trade volume reached 830 million dollars. Prospects for trade development with Great Britain look good, with trade volume at 1.4 billion dollars. Trade with the Federal Republic of Germany continues to advance steadily with bilateral trade totalling 3 billion dollars, thus maintaining the FRG as China's number one on Western European trading partner. Projects under negotiations with Italy have scored progress and with trade volume at 930 million dollars, Italy has remained China's third largest trading partner among Western European nations for the second straight year.

There has also been greater economic cooperation between China and Western Europe in recent years. The methods and forms of cooperation are more flexible and diversified and include trade subsidies, joint ventures, joint productions, employment services and other things. Both sides have begun cooperation in the areas of energy, aviation, shipbuilding, automobile manufacturing, light industry, and food processing. On matters involving the transfer of technology and financial cooperation, not a Western European country has adopted friendly actions toward China. Last year, a number of foreign governments extended to China low interest loans or preferential credit terms. Meanwhile, the EEC and its member states continue to provide China with financial and technical assistance or grants.

Since the seventies, China has signed trade, economic and technical agreements with the majority of Western European countries. In recent years, a series of other accords were concluded. They included an agreement on trade and economic cooperation with the EEC and others concluded individually with some countries, such as accords on investment protection, on prevention of double taxation and on nuclear cooperation. The signing of these agreements ensure the further strengthening of economic and trade cooperation.

There has also been marked progress in cooperation between China and Western Europe in the fields of science and technology, culture and education. The scientific and technical cooperation launched by China and the EEC in 1981 proceeded smoothly. The fields of cooperation which began in energy now extend to agriculture, medicine, remote sensing, information, ferrous metallurgy, weather forecasting, biological projects, scientific-technical data and regulations, scientific-technical management and training of personnel. In October 1985, Nayers vice president of the EEC, led a delegation comprised of high-level officials and economic and scientific strategists to Beijing to attend a "symposium on the new technological revolution" jointly sponsored by China and the EEC. The forum was concluded successfully.

Cultural and artistic exchanges have also flourished increasingly, with film festivals and all kinds of expositions held repeatedly while exchange visits of cultural and sports delegations also doubled. Last year, China held exhibits on archaeological finds from Qin tombs, treasures from the Forbidden Palace and cartoon books in some countries and regions of Western Europe. Photographs, classical and oil paintings as well as modern arts from Western European countries were similarly shown in China. China's Shaanxi Tang Dynasty School of Dance ensemble and Tienjin acrobatics troupe toured Europe, while the Royal Danish Ballet, Swedish mime actors, string quartet, and the Austrian Hayden quartet group performed in China.

In education, China and many West European countries have many exchange students and researchers. The EEC along with Great Britain, the Federal Republic of Germany, France, Belgium and Italy provided China with a definite number of scholarships. They also trained simultaneous interpreters as well as experts in statistics, customs, science and technology and management for China.

In recent years, there have been comparatively greater developments in the relations between provinces and cities of China and Western Europe, with the establishment of numerous sister provinces and cities. Cooperation in the fields of economics, trade, science and technology have also begun to make concrete strides.

There still exist great potential for the development of relations between China and Western Europe. While bilateral trade volume may have had substantial growth, relatively speaking, the amount is still small, representing only 15 percent of China's total foreign trade and not even 1 percent of Western Europe's. China has consistently had trade imbalances against Western Europe with deficits hitting 3.8 billion dollars last year. It is necessary to expand trade, in particular, for Western Europe to increase its imports from China in order to achieve a balance of trade. While heartening results have been made in economic and scientific cooperation, cultural and education exchanges between the two, are still at a preliminary stage, with the scope and extent in need of expansion. Not a few areas of possible cooperation remain untouched and require the positive efforts of both sides.

Relations between China and Western Europe have a firm foundation and the prospects for further development are excellent.

First, both China and Western Europe are forces for restraint of war and maintenance of peace. They have no basic conflict of interest politically, and share the same or similar views on major international problems. China supports Western Europe's unity for strength and praises its positive effort for easing East-West tensions as well as its more sensible stand for the settlement of North-South problems. On the other hand, Western Europe favors a strong and prosperous China and adopts a positive attitude in developing relations with her.

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Economically, China and Western Europe have their respective advantages and could complement and supplement each other. Western Europe's advanced technology and abundant capital could play a role in China's modernization, while China's rich natural resources and huge market could similarly contribute to Western Europe's prosperity. The difference in the economic structures and levels of development of China and Western Europe determines that the two could be just excellent trading partners and not competitors. Bilateral cooperation is beneficial to both sides as well as to world economic development.

More importantly, both sides have urgent desires to develop ties. The present economic situation is also favorable for development. The active promotion of ties with Western European countries is an important part of China's foreign policy. On the other hand, based on its strategy for a multipolar balance of power, Western Europe would like to see a strong and stable China in the east.

Indeed, there exist favorable objective and subjective factors for the development of relations between China and Western Europe. The crucial issue is to take action, further strengthen mutual understanding, and adopt concrete, viable measures. It could be ascertained that with joint efforts, relations between China and Western Europe will be raised to a new level.

NETHERLANDS WELCOMES WARSAW PACT PROPOSALS

OW140703 Beijing XINHUA in English 0618 GMT 14 Jun 86

[Text] The Hague, June 13 (XINHUA) -- A Dutch Foreign Ministry spokesman said here today the Warsaw Pact's latest proposals for a joint NATO-Warsaw Pact reduction in conventional forces throughout Europe should be seen as "positive." The proposals for a 25 percent reduction in European forces by the early 1990s contain many elements that merit careful study, he said. The Netherlands will look at them closely, together with its allies, to consider the extent to which they can contribute to greater stability at lower armament levels, he pointed out.

He recalled that NATO foreign ministers called for "courageous steps" to reduce conventional armaments when they met in Halifax, Canada at the end of last month. The Warsaw Pact proposals could play an important role in the studies of a special working group of senior officials, who will report to NATO foreign ministers when they next meet in Brussels in December, he said.

FRG READY TO FORGE SISTER CITY TIES WITH GDR

OW170750 Beijing XINHUA in English 0654 GMT 17 Jun 86

[Text] Bonn, June 16 (XINHUA) -- More than 300 cities of the Federal Republic of Germany are willing to establish sister city relations with entities in the German Democratic Republic, according to a local newspaper today. The paper "DER BAYERISCHE STAEDTETAG" said after Saarlouis in Federal Germany and Eisenhuettenstadt in Democratic Germany established sister city relations, about 60 cities have contacted the Federal Ministry of Intra-German Relations in the last four months to express interest in establishing ties with GDR's cities. Federal Germany's Erlangen and GDR's Jena are expected to set up relations soon. The paper said several border cities between the two countries recently had increased contacts and exchanges.

ZHAO ZIYANG CONDEMNS SOUTH AFRICA RACISM

OW161251 Beijing XINHUA Domestic Service in Chinese 1117 GMT 15 Jun 86

[Text] Beijing, 15 Jun (XINHUA) -- Premier Zhao Ziyang sent a message today to warmly greet the convocation of the "World Conference on Sanctions Against Racist South Africa." Full text of the message follows:

World Conference on Sanctions Against Racist South Africa

Paris

On behalf of the Government of the People's Republic of China and the Chinese people, I extend warm congratulations on the convocation of the World Conference on Sanctions Against Racist South Africa.

In recent years, the South African racist regime has intensified its efforts to enforce the apartheid policy. Of late, it has flagrantly declared a so-called nationwide state of emergency, brutally suppressing the South African people's struggle for racial equality and social justice. The South African authorities have also continued their illegal occupation of Namibia. Not long ago they even outrageously carried out armed raids against their neighbors, Zimbabwe, Botswana, Zambia, and Angola, wantonly encroaching upon the territorial integrity and sovereignty of these countries and trampling on the basic norms governing international relations.

The Chinese Government and people strongly condemn the South African authorities for this series of crimes they committed and will, as always, unswervingly support the South African people in their struggle against racism, the Namibian people in their struggle for national independence, and the various countries in southern Africa in the struggle for safeguarding their state sovereignty and security.

In the meantime, we support the reasonable proposition and just demand of the international community for applying sanctions against the South African authorities. The Chinese Government and people will unite closely with the African people and other peoples in the world, and continue to work with them in a joint endeavor to oppose racism, colonialism, imperialism, and all acts of aggression and expansion and defend human justice and world peace.

Wishing the conference complete success.

Zhao Ziyang, premier of the State Council of the People's Republic of China.

Beijing, 15 June 1986.

RENMIN RIBAO COMMENTARY ON 'SOWETO MASSACRE'

HK160340 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 16 Jun 86 p 6

[Commentator's article: "The Raging Fire of the South African People's Struggle Against Atrocities is Unquenchable -- In Commemoration of the 10th Anniversary of the 'Soweto Massacre'"]

[Text] The 10th anniversary of the "Soweto massacre" in South Africa falls on 16 June this year. To the people of South Africa, this is a day of great historical significance.

The struggle 10 years ago against atrocities showed the South African people's unyielding determination and strength to oppose racial oppression and strive for freedom and equality. It is still urging the South African people to launch a brave struggle and advance wave upon wave. It has become a brilliant chapter in the history of struggle of the people of South Africa and other parts of Africa against atrocities.

The struggle against atrocities which took place 10 years ago was started by black youths and students in Soweto, a town of the black people in South Africa. They opposed the South African authorities' decision that schools for blacks must use the Afrikaans language to teach lessons. They clearly declared that "this is not a language issue but one of system," pointing the spearhead of struggle at the South African racist education system. The South African authorities sent large groups of soldiers and policemen to put down the struggle, killing or wounding more than 1,000 innocent black people and perpetrating the world-shaking "Soweto massacre." The broad masses of infuriated black people continued to launch mammoth fights against atrocities throughout the country, making the South African authorities tremble. This brave struggle has greatly awakened the South African people and won extensive international support. What is more important is that the South African people have seen clearly that the people are powerful when they are united in struggle and that the racists are feeble although they look ferocious. Thus, they are more confident of victory and carry the struggle forward. Every year, the anniversary of the "Soweto massacre" has become a day of fighting in unity for the South African people.

The South African people's struggle has further progressed during the past decade. More and more people from various walks of life have joined in the struggle, which continues to grow in scale, and the intense fire of struggle is spreading all over the country. People of different occupations and trades have extensively set up anti-apartheid organizations and launched students' and workers' strikes and other mass movements, such as boycotting the goods of the white people, in an organized manner and under good leadership. The just struggle of the black people has won sympathy and support among many white people. Their struggle against atrocities has spread from the cities to the countryside. Even the people on the black homesteads have risen in rebellion. In some towns and on some black homesteads, people have set up their governments in embryonic form. All this fully shows that the South African people's anti-apartheid struggle is persistently developing and deepening despite some setbacks, and the people are continuing to mature and have become an unconquerable force.

Not long ago, the African National Congress of South Africa called on the South African people to take the commemoration of the 10th anniversary of the "Soweto massacre" as "the start of an extensive mass struggle" and mobilized the South African people of all walks of life to unite more extensively in struggle. In an attempt to stem the waves of the South African people's struggle, the South African authorities had the impudence to impose "a nationwide state of emergency" on the eve of the 10th anniversary of the "Soweto massacre." Almost 1,000 people were arrested on the 1st day after the state of emergency was declared. The perverse actions of the South African authorities have aroused severe condemnation by the world community. The South African authorities wanted to put out the raging fire of the South African people's struggle by means of bayonets and handcuffs. They can never achieve their goal. They are lifting a rock only to drop it on their own feet.

Today's South Africa is neither in the era of the "Sharpeville incident," which took place during the sixties, nor in the age of the "Soweto massacre," which occurred in the seventies. History advances, and the people progress. The martyrs of Soweto did not shed their blood in vain.

While commemorating the 10th anniversary of the "Soweto massacre," the Chinese people extend their deep respect to the heroic South African people. It is our belief that the day will come when the racial regime will be completely overthrown and a new South Africa will be established on racial equality, justice, and freedom.

TRADE UNIONS HONOR SOUTH AFRICA'S BLACK WORKERS

OW141410 Beijing XINHUA in English 1351 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- The All-China Federation of Trade Unions today paid tribute to South Africa's black workers who will commemorate the 10th anniversary of the Soweto uprising on June 16. On behalf of 120 million Chinese workers, the federation's message conveyed support and respect to the Congress of South African Trade Unions, South African Congress of Trade Unions and the Azanian Coordination Center of Trade Unions for their struggles against apartheid.

The federation said the Soweto uprising ~~ten~~ years ago was a turning point in the anti-apartheid movement, and claimed that South Africa's latest state of emergency declaration is a vain hope to suppress the South African people. "It can only arouse ever stronger resistance of the South African people," the message said. "We are sure," the federation added, "adhering to united struggle and supported by workers and people, you will finally win the fight against apartheid and for racial equality."

YOUTH SUPPORT SOUTH AFRICAN PEOPLE'S STRUGGLE

OW131800 Beijing XINHUA in English 1541 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- China's three nationwide youth and students' organizations sent a message today to the youth department of the African National Congress of South Africa (ANC SA), expressing their support to their struggle against apartheid. "We, on behalf of China's 300 million youth and students, wish to convey our support and highest respect to you and through you to the South African youth and people standing at the forefront of the struggle against apartheid," said the message of the three organizations -- the Communist Youth League of China, All-China Youth Federation and All-China Student's Federation.

The message to the Lusaka-based ANC SA youth department was sent on the eve of the South African people's commemoration of the 10th anniversary of the Soweto uprising. On June 16, 1976, the Pretoria regime massacred about 70 black anti-apartheid demonstrators in Soweto, and killed more than 600 blacks in nationwide protests in the following year. This has been strongly condemned by the world public opinion.

The message said the Chinese youth will, as always, resolutely oppose and strongly condemn the apartheid policy of the South African authorities and support the just struggle of the South African people and youth against apartheid and racial discrimination and for basic human rights and social equality. "We Chinese youth will always side with the South African sisters and brothers in fighting racism and colonialism until final victory is won," said the message.

SINO-AFRICAN AMITY GROUP MARKS 1976 SOWETO RIOTS

OW151530 Beijing XINHUA in English 1519 GMT 15 Jun 86

[Text] Beijing, June 16 (XINHUA) -- The Sino-African Friendship Association today issued a declaration denouncing South Africa for re-imposing a state of emergency in the country and expressed firm support to the South African people in their anti-apartheid struggle.

In the declaration issued here on the 10th anniversary of the "Soweto massacre," the association said that 10 years ago today, black students in the black-concentrated Soweto district near Johannesburg took to the streets in protest against the racial discriminative education system. Their action, the declaration noted, met with cruel suppression from police, which resulted in more than 1,000 casualties and the arrest of more than 100 people.

Noting that Pretoria imposed again a "state of emergency" in the country and began tracking down and arresting leaders of anti-apartheid organizations four days ago, the association said that its aim is to stop the South African people from commemorating the "Soweto massacre." "We strongly protest against the South African authorities' new bloody suppression of black people, and firmly support the South African people in commemorating the massacre in whatever forms."

The association also appealed to the international community to exercise greater pressure including comprehensive and effective sanctions on Pretoria, the declaration concluded.

TIAN JIYUN MEETS ZIMBABWEAN ECONOMIC DELEGATION

OW131208 Beijing XINHUA in English 1032 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- Chinese Vice-Premier Tian Jiyun today congratulated the "fruitful" first session of the Sino-Zimbabwean Mixed Commission for Economic, Trade and Technological Cooperation held from June 9 to 13.

At a meeting with members of the Zimbabwean delegation led by Minister of Trade and Commerce Oliver Munyaradzi, Tian urged the two sides to expand cooperation in engineering technology and labor services. Munyaradzi replied that the mixed commission had a wide-ranging discussion during the first session here and its results will be seen at the next session.

ZHAO ZIYANG MEETS CENTRAL AFRICAN REPUBLIC ENVOY

OW161120 Beijing XINHUA in English 1004 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Premier Zhao Ziyang met Sohahong-Kombet, outgoing ambassador of Central African Republic to China, here today.

ZHAO ZIYANG MEETS OUTGOING IRANIAN AMBASSADOR

OW141200 Beijing XINHUA in English 1125 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- Chinese Premier Zhao Ziyang met here today Iranian Ambassador to China 'Ali Khorram who is leaving his post for home.

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ZHAO ZIYANG RECEIVES DEFECTED TAIWAN PILOT

OW170413 Beijing XINHUA Domestic Service in Chinese 1335 GMT 16 Jun 86

[By reporter Zou Aiguo]

[Text] Beijing, 16 Jun (XINHUA) -- Zhao Ziyang, premier of the State Council, received Comrade Wang Xijue, deputy director and deputy chief pilot of the Beijing Regional Administration of the Civil Aviation Administration of China [CAAC], and his fifth younger brother, Wang Xishou, at the Ziguang Hall in Zhongnanhai this afternoon.

Wang Xijue, who flew a China Airlines Boeing 747 cargo plane to the mainland of the motherland on 3 May in order to settle down here, was recently appointed to the CAAC posts.

While receiving him, Premier Zhao briefed him on the domestic, political, and economic situation. He said to Wang Xijue: "You have been engaged in aviation for many years and have rich experience in this regard. You can make a big contribution to the motherland in civil aviation."

Wang Xijue said: "It has been my long-cherished desire to return to the mainland and participate in the construction of the motherland. During my visit and sightseeing in Beijing over the past month or so, I have seen beautiful rivers and mountains of the motherland as well as vigorously developing agriculture, industry, commerce, and other undertakings. I hope to do my work well in civil aviation."

Present at the reception were Chen Junsheng, secretary general of the State Council; Hu Yizhou, CAAC director, Yan Zhixiang, CAAC deputy director; and Bai Zhijian, party committee secretary of the CAAC Beijing Regional Administration.

NPC STANDING COMMITTEE 16TH SESSION BEGINS

OW170455 Beijing XINHUA Domestic Service in Chinese 1308 GMT 16 Jun 86

[Text] Beijing, 16 Jun (XINHUA) -- The 16th Session of the 6th NPC Standing Committee opened at the Great Hall of the People this afternoon.

Chairman Peng Zhen presided over the session.

At the beginning of the session, Wang Hanbin, secretary general of the NPC Standing Committee, explained the session's draft agenda, which was later adopted by the NPC Standing Committee members. According to the agenda, the session will examine the draft PRC land law and the Draft amendment to the regulations government offenses against public order and penalties; hear an explanation of the draft PRC enterprise bankruptcy law and the draft regulations governing diplomatic privileges and immunity; and examine these two drafts. The session will also hear reports on the state's 1985 final account, 1985 auditing work, and construction and development of China's nuclear power generation.

During the session this afternoon, Song Rufen and Shen Hong, vice chairmen of the NPC Law Committee, reported on the examination of the draft land law and the draft amendment to the regulations government offenses against public order and penalties. Song Rufen said: The Law Committee maintains that China has a large population but limited land, and treasuring and using its land rationally is one of the its basic national policies.

Today, the problem of recklessly seizing and using land is serious, and it is essential to draw up a law to solve the problem and strictly control land use. The committee has proposed certain amendments to the draft, which is basically practicable. Shen Hong said: To strengthen control over public order, it is essential to amend the regulations governing offenses against public order and penalties, which were drawn up in 1957, in accordance with the new situation and new problems of today's public order. The committee has made certain amendments to the draft, which is basically practicable.

Premier Zhao Ziyang submitted two drafts to the NPC Standing Committee session for examination: The draft PRC enterprise bankruptcy law, and the draft PRC regulations governing diplomatic privileges and immunity. At the State Council's request, Zhang Yaning, vice minister of foreign affairs, explained these two drafts at the session.

Zhang Yanning said: To keep up with the requirements for enlivening the economy and opening to the outside world, it is imperative that the nation draw up a law governing enterprise bankruptcies. This law will provide the legal means to compel enterprises to improve their management and become genuine independent socialist producers and operators who are responsible for their own profits or losses; at the same time, it will provide the legal basis on which liabilities between China and other countries can be settled.

Qian Gichen said: Following the development of China's diplomatic work, the number of foreign diplomatic representative organs and personnel has increased, and direct contacts and exchanges between Chinese departments and local authorities and these organs have greatly increased. As such, the regulations are necessary so that Chinese departments and local authorities can correctly handle issues regarding diplomatic privilege and immunity.

Present at the session were Vice Chairmen of the NPC Standing Committee Chen Pixian, Geng Biao, Peng Chong, Wang Renzhong, Zhu Xuefan, Ngapo Ngawang Jigme, Banqen Erdini Goigyi Gyaincan, Seypidin Aizezi, Zhou Qucheng, Yan Jici, Rong Yiren, Ye Fei, Liao Hansheng, Huang Hua, and Chu Tunan.

AFP CORRESPONDENT VISITS BEIJING PRISON NO 1

HK160300 Hong Kong AFP in English 0141 GMT 16 Jun 86

[By Pierre-Antoine Donnet]

[Text] Beijing, June 16 (AFP) -- Thieves, rapists, murderers and political prisoners work side-by-side in Beijing Prison No 1, furiously turning out plastic sandals in a bid to meet production quotas.

The 900 inmates incarcerated in Beijing's model prison are participants in a program known as "reform through labor."

Young men, heads shaved, toil bent over out-dated machines for eight hours a day, six days a week, in the prison's noisy workshops. Only "bad elements" and the sick escape the mandatory work.

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Their disciplined, and virtually free, labor earned Prison No 1 a net profit of 220,000 yuan (68,750 U.S. dollars) last year, Prison Director Xing Zhonghe told an AGENCE FRANCE-PRESSE correspondent that visited the facility recently.

All the prisons's earnings were given to the state, the 58-year-old warden said.

"The goal of the institution is to reform the majority of the inmates and turn them into citizens who will respect the law and prove useful in the construction of socialist China," Mr. Xing said.

"It is through work that the criminals here manage to discard their bourgeois ideas and the ideology of the exploitive classes," he added.

Prison No 1, like most Chinese penal institutions, is dedicated not only to reforming prisoners, but to economic development. It is run along the lines of a state enterprise, complete with production quotas.

Prison No 1 is a model facility among Chinese prisons and labor camps, where an estimated 20 million people are incarcerated, according to Western sources.

The workshops, hallways and sparsely-furnished cells are impeccably clean. The prison is equipped with a theater, a hospital, a library, and educational television channel and classrooms where illiterate inmates are taught to read.

Prison No 1, built in 1911, at the tail end of the Qing Dynasty (1644-1911), is surrounded by four-meter-high (13-foot-high) walls, an electrified barbed wire fence and is patrolled by 520 wardens. Escapes are rare. But there are ways for inmates to get out.

Since country-wide economic reforms were implemented in 1979, Chinese prisons have adopted the system introduced by China's top leader Deng Xiaoping whereby each person is compensated in proportion to his labor. Hard workers are rewarded with bonuses and prisoners can even have their sentences reduced.

"Last year, 250 prisoners had their sentences reduced and 300 were given the title of "model of reform through labor", Mr. Xing said. Prison authorities also encourage prisoners to turn informer, awarding inmates who denounce fellow cellmates with reduced sentences.

In each white-walled 12-inmate cell, the golden rules of the facility are posted. Among them: "Correct your attitude towards work and take part in activities that benefit production."

About 100 of the inmates are students. Thirty are listed as "counter-revolutionaries." Some are common criminals and others have been convicted of "economic crimes." Forty-four per cent are under 25, the youngest 17. Sentences range from a minimum of three years to a suspended death sentence.

Wang Ghuigui, an 18-year-old convicted of murder who had his death sentence suspended, has been in prison No 1 for only a short time. "The cadres take good care of us," he said nervously under the watchful eye of a prison warden. "I hope that reform through labor will allow me to be free one day."

Sources said that between 30,000 and 40,000 prisoners were incarcerated in Beijing's four "reform through labor" and three milder "re-education through labor" institutions.

Prison No 1 is one of the few facilities open to foreign visitors. Information is scarce about China's many labor camps located in the isolated and poorer regions of the country. Many inmates in these labor camps are reportedly confined there for the rest of their lives.

Those sentenced to more than seven years lose residence permits and must stay in these desolate areas as "free workers" -- a practical solution employed by the authorities to accelerate economic development in areas where no Chinese want to go.

Jean Pascalini, the son of French father and Chinese mother, is one of the few people to have emerged from a Chinese labor camp to tell his story. He spent seven years in labor camps, almost dying of hunger on several occasions, before being released in 1964.

In his book, "Prisoner of Mao," he wrote that Prison No 1 was "the best place in all of China for prisoners."

CHEN YONG INTERVIEWED ON HONGQI ARTICLE

HK161052 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1407 GMT 15 Jun 86

[Feature by unidentified ZHONGGUO XINWEN SHE reporter: "Interview With Chen Yong"]

[Text] Beijing, 15 June (ZHONGGUO XINWEN SHE) -- The moment I met Mr Chen Yong [7115 8673], the first impression he gave me was that he looked much younger and more energetic than a "67-year-old scholar Chen Yong" as I had imagined.

Noted for his research on Lu Xun and as a literary critic, this scholar recently published in HONGQI a long article criticizing Liu Zaifu's literary and artistic viewpoint. The article has attracted close attention by people at home and abroad.

The Ins and Outs of the Release of the Article

After being published, the article was viewed from different angles and became a topic of discussion. The strong repercussions caused have gone beyond the academic and literary circles. Chen Yong said: "I am not the first one who writes to criticize Liu Zaifu's literary and artistic viewpoint. The point is that my article is rather pointed in content and is carried by HONGQI, so that some people speculate on the background of the writing of the article.

He gave an account of how the article was written: "The HONGQI literary and art department asked me to write an article more than a year ago, and I promised to do so. The topic was not specified. In October last year, a meeting to discuss the methodology in the study of literature and art was held in Wuhan. I took part in the meeting and talked about my view on Liu Zaifu. I aired my view very briefly at the meeting. That was the starting point where I worked out the substance of my article which was carried by HONGQI. That also was why my article was entitled Questions of Methodology in the Study of Literature and Art. At present, some people at home and elsewhere disregard the substantial questions raised in my article and, instead, try to find out the nonexistent political background of the writing of my article. That is necessary."

Chen Yong had the impression that Liu Zaifu "worked very hard." He said: "The personal relations between us have always been excellent. The publication of the article has nothing to do with personal feelings."

Chen Yong went on: Here, I want to say a few words in fairness to HONGQI. It published my article entirely for the purpose of conducting contention among a hundred schools of thought in a normal way. Taking into consideration that many people at present still are not accustomed to normal criticism and counter-criticism it expressed the hope that my article would carry fewer words characteristic of a judgment and be less polemical in tone and would focus on analyzing the questions, so that the readers would draw conclusions by themselves. In my opinion, HONGQI was solemn and prudent in its attitude.

Confrontation of Ideas Is Not Contradictory To a Relaxed Environment

The topic of our conversation shifted to the current situation of the contention among a hundred schools of thought in the academic circles. Chen Yong said: "The contention among a hundred schools of thought should be open to everyone. It is fair only when everyone is allowed to express his opinion."

He said: "Not all ideas of literature and art at present conform to Marxism. Some of them are even directed against Marxism. A communist has the duty to express his opinion on this phenomenon. My article may be viewed from different angles and is open to discussion. However, it is inadvisable to seize on some arguments and a few words in my article and accuse me of putting labels on others and using the big stick on others. A critical essay should reflect the realities of the person criticized and reveal the facts. If the person criticized is imbued with metaphysics, then metaphysics should be brought up for discussion because this is the way to tell the facts. This should not be considered as putting labels on others and using the big stick on others. Of course, one should be objective in analyzing a problem and should draw a conclusion through serious, concrete analysis. I think I at least made every subjective effort to do so when I criticized Liu Zaifu."

Chen Yong said: My article may have defects and include mistakes. I therefore welcome substantial counter-criticism.

Chen Yong said: There are contradictions between Marxism and non-Marxism, and some contradictions may even be very acute, so that contention and confrontation are inevitable. It has now been proposed that a relaxed, friendly and harmonious atmosphere be created. I am all for this proposal. However, a relaxed situation gradually emerges only in the course of holding contention and resolving contradictions, otherwise a relaxed, friendly and harmonious atmosphere can only be a wish.

He said: It is not advisable to set the demand for a relaxed, friendly and harmonious atmosphere against the contention and the confrontation of ideas, as if the emergence of criticism will shatter the relaxed, friendly and harmonious situation.

Firmly Believing That Marxism Will Eventually Be Accepted by the Majority of People

Chen Yong is a native of Nanhai county, Guangdong Province. He said jokingly: "My hometown is the birthplace of Kang Youwei, a royalist of the late Qing Dynasty." He spoke putonghua, the common spoken language, with a heavy Guangdong accent. After graduating from a junior teachers training college in Guangdong, Chen Yong went to Yuan to join in the revolution and was engaged in literary and artistic work for a long time. During the initial period after the founding of the PRC, he was a researcher of the Literature Institute. In 1957, he was wrongly classified as a rightist and transferred to work in northwest China until 1978 when he was sent back to Beijing where he served as leader of the cultural group of the policy research center of the Secretariat of the CPC Central Committee. He is now adviser to the policy research center.

He said: "I have learned from my personal experience that Mao Zedong Thought played a decisive role in the Chinese Revolution and Chinese Literature and art. As far as literature and art were concerned, the situation after the Yanan rectification campaign was greatly different from that before the campaign. The shaping of my thinking was inseparable from Mao Zedong Thought. While I was a victim of some of Mao Zedong's mistakes during his last years, people like me will have their feelings hurt if Mao Zedong's merits and achievements are totally negated."

In conclusion, this critic said: Marxism is now in an ebbtide in the international arena. It appears that Marxisms and other ideologies will go through a long course of coexistence. However, I firmly believe that Marxism will eventually be accepted by the majority of people because it reflects the objective laws.

RENMIN RIBAO URGES 'LOVING CARE' FOR REFORMERS

HK161420 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0806 GMT 16 Jun 86

[Text] Beijing, 16 Jun (ZHONGGUO XINWEN SHE) -- Of late, people of various circles in China have paid close attention to a number of reformers who "were dismissed" from their posts. In this connection, RENMIN RIBAO today published some news reports together with a commentator's article, calling for bringing up reformers with loving care and giving them help. A few days ago, the paper printed a news report regarding the dismissal of Song Beifang, director of the Zhengzhou city motor vehicle plant, from his post because he kept up reform; it also cited the case in a commentator's article and loudly appealed to the public to support reformers. Today, the paper once again frontpaged the news that Song Beifang had been reinstated in his former office and had resumed his power over direction of production and administrative management.

RENMIN RIBAO today also carried a dispatch reporting that the Fuzhou City CPC Committee proclaimed that all gratuitous investigations on enterprises which have achieved good results in reform should be stopped immediately, and that in order to protect the enthusiasm of cadres who are bold in carrying out reform but are framed and viciously slandered, all those who lodge a false accusation against reformers and harm them will be punished severely.

Although many reformers who "were dismissed" from their posts have resumed their posts, RENMIN RIBAO called attention to people that some reformers remain in an awkward predicament and controversies over them continue.

On its second page, RENMIN RIBAO today carried a newsletter entitled "a pending controversy," reporting the cause and effect of dismissing Xia Renfan, manager of the Shenyang City tram company. Xia was known as one of the 100 outstanding young entrepreneurs throughout the country. He carried out a series of reforms in the tram company just when the reform of the economic structure was launched in the urban areas. Therefore, he immediately attracted in the urban areas. Therefore, he immediately attracted the attention of various circles and was regarded as a "new star" emerging from Shenyang. He was invited to Beijing to take part in a national forum attended by 14 young activists in reform and was received and encouraged by Wan Li, Hu Qili and other leaders.

It is said that Xia Renfan was dismissed from his post because he "abused power for personal gains" and "lined his own pockets."

In this connection, RENMIN RIBAO today published its commentator's article. After quoting a statement by a CPC senior official as saying that "making mistakes is permissible in the execution of the reform, but not conducting reforms in impermissible," it pointed out that this is a principle that we should stick to in approaching reformers. The article criticized some responsible persons who excessively accommodate themselves to the cadres without regard for work and having no intention of carrying out reform, but regard those who are bold in carrying out reform but have some shortcomings as a thorn in their side.

The commentator's article noted that we should forgive people like Xia Renfan who gain some "profit" in the course of reform. We should judge them objectively under specific conditions and help them with good intentions and should not attack them for a single fault without considering their other aspects, brand them with unwarranted labels, and exaggerate their mistakes.

In its commentator's article, RENMIN RIBAO once again called for "bringing up reformers with loving care and giving them help," noting that this is the necessity for further promoting the progress of our reform.

LIAOWANG COLUMN ON CONTEMPORARY MILITARY OUTLOOK

HK150636 Beijing LIAOWANG in Chinese No 22, 2 Jun 86 pp 46-47

["Modern Knowledge for Cadres" column by Wang Shouyun: "Unit 5, Military Outlook in a Larger-Sense -- Lecture 1, Modernization of the Army and the Development of Operational Theories"]

[Text] The 1980's are active years of Army building for major powers in the world.

The U.S. Army's "Air-ground unified action" campaign theory came into being at Fort Leavenworth, Kansas; namely, publication of the 1982 edition of the FM100-5 "Operational Manual," the experiment of the U.S. ground force's new tactics and new troop design conducted at Louisburg, Washington State (for instance, the 9th Infantry Division's high-tech motorized division experiment), formal issuance of the new 86-type heavy division establishment of the U.S. ground force in April 1985, and completion of the third major structural reorganization of the U.S. ground force since World War II to be completed in 1986. The year 1986 has witnessed publication of the 1986 edition of the FM100-5 "Operational Manual." The U.S. ground force is in the process of the large-scale equipment modernization since World War II, and most of the major equipment systems of the ground force will be replaced by a system of greater fighting effectiveness between the 1980's and 1990's.

At the turn of the 1980's, the Soviet Army's campaign theory developed from the "greater-in-depth campaign theory" to the "greater-in-depth 3-dimensional campaign theory," which is demonstrated in the 1982 edition of the Soviet "Ground Force Operational Regulations" and the 1984 edition of "Tactics." The 27th CPSU National Congress proposed new strategic concepts based on which the Soviet Army is revising its war theory, and further reforming the Army structure, weaponry equipment, and military training.

The West European countries are in an important phase of Army modernization, and they have attached great importance to studying the development and application of new technologies and their effects on operational concepts, weaponry equipment, army structure, and military training. Their operational regulations, Army establishment, and military training are undergoing significant changes.

The 1985 enlarged session of the Central Military Commission realized the changes in the strategic concept of China's Army building. Under the ideological guidance of the new strategic ideas for Army building, the promotion and research of operational theories, weaponry equipment, Army structure, and military training have become the important tasks for the research in the development strategy for defense modernization during the new historical period. When science and technology today is so developed, such tasks can be under research with a scientific approach.

Weaponry equipment, operational regulations, army structure, and military training are the four major essentials in forming the military capabilities of an army. They should be developed harmoniously in a unified way under the guidance of operational theories. In studying the development strategy for weaponry equipment, it is primarily necessary to study the dialectical relations among these four major essentials. In the mutual relations of these four major essentials, operational regulations occupy a dominant place. Regarding the forces that push forward the continuous evolution of operational regulations, the development of technological renovation and enemy operational theories are the most important factors. What guides the long-term development of China's defense science and technology and weaponry equipment is none other than operational theories, which display the unified development of the four essentials.

The dialectical relations among the four major military powers in history.

On the eve of World War I, the French ground force made a mistake in its understanding of the potential of the new artillery technology. At a time when a new weapon was available for use, France failed to induce new operational regulations for it and stuck to the old regulations, which limited the new weapon. During World War I, the French Army went through the greatest difficulties to overcome its mistake in not realizing how to make use of a new weapon, and it was not until 1918 that a correct procedure and regulations were eventually implemented, enabling the maximum application of the artillery weapon.

The focus of Army structural design lies in combining the Army establishment and weaponry equipment in order to exercise new operational regulations, not to develop regulations to suit the old Army structure. A historical example can be found in the balance of strength between the French and German armies prior to World War II. The weaponry equipment of these two countries was on an equal level, and some military commentators believed that France slightly held the upper hand. However, the conversion of forces that could be used into a correct combined force was possible only with the presence of advantageous operational regulations; such a theory functioned only in the course of the German Army breaking the French defense. On the basis of its experiences in World War I as well as studying the army-building experiences of other countries, the German Army used models to field operation experiments at the beginning of the 1930's for developing operational regulations prior to weaponry equipment.

In 1941 when the German fascists imposed mechanized war on the Soviet Union, the Soviet Army was entirely unprepared. The Soviet Army had already seen the need to mechanize its forces in the operational manual of the 1920's and mid-1930's. However, many supporters of the new regulations were compelled to leave the army after the party purge in the 1930's. The mechanization operational regulations were in effect cast aside after the purge. Two mechanized corps were deployed when the Soviet Union launched its offensive at Poland; however, the mechanized troops were demobilized after the offensive campaign. It was only when the German Army displayed its potentialities in the mechanized war against the Soviet Union that the Soviet Army began to renew its efforts in mechanization. The greater in-depth campaign theory of the Soviet Army that later came into being was practically based on the regulations of the 1930's. Such operational concepts as large-scale, mobile, and consecutive operations were originally proposed in the 1930's; for instance, campaign mobile groups. It was only out of consideration for industrialization, ideology, and political problems that the Soviet Army gave up for the time being a concept for foresight.

When World War II began, the U.S. ground force lacked ready tactical air operational regulations. One of the reasons was the preference of the Army Air Force for strategic bombing, while neglecting tactical aviation. Seeking independence, the Army Air Force regarded strategic bombing as an independent mission, so it had only strategic bombing regulations. And those regulations actually served as a kind of command before the Army Air Force acquired the technical ability of applying the regulations. Nor did the ground force come to understand the potentialities of tactical aviation.

When the ground force itself was not quite clear about what it needed, it certainly would not propose the building of an offensive air force. So the United States had no feasible tactical aviation regulations when it entered World War II.

The "air-ground unified action theory" was converted into the operational regulations issued by the U.S. ground force in August 1982. These governed the establishment, equipment, and ways of training the U.S. ground force in the early 1980's. The new regulations need by supported by developing new weaponry equipment and improving the army structure and ways of training. Army building that serves the future must enable close and harmonious development of regulation, establishment, and equipment. In the years following 1982, the U.S. ground force division has been undergoing changes. The old tradition (such as historical experiences and lessons, tactical basis, army leadership procedure) is linked with new changes (for example, the establishment in evolution, and improving capability resulting from weaponry equipment), which proposes a better army structure more suitable to the new operational regulations. In the course of troop modernization, the emergence of such harmonious relations among regulations, establishment, and weaponry equipment was not unique in history. The 5-group structure of the division in the 1950's was actually the first major post-war reorganization of the U.S. Army structure. Since the late 1970's, the U.S. Army had begun to design the plan for the 86-type division establishment based on the 1976 edition of FM100-5 "Operational Manual." In due course, the operational theories underwent changes in revising the "Operational Manual" based on its 1976 edition, and the air-ground unified action campaign theory was developed. The 1982 edition of FM100-5 "Operational Manual" demonstrated such a new operational theory. The designing of the 86-type division structure was combined with the new operational theories. Now, the new FM100-5 "Operational Manual" represents the modernization efforts of the U.S. Army regulations, and it has begun the age of the U.S. Army in combining the capabilities of the Army structure and weaponry equipment to suit the new regulations. In reevaluating the effects of such modernization efforts on the division's tactics, it is necessary to understand simultaneously the reinforced new weaponry equipment and the capability in applying the army structure. The cavalry unit and the mobile battalion in the 86-type division may serve to illustrate the relations among regulations, establishment, and weaponry equipment. Establishment of the cavalry unit is derived from the original armored cavalry structure, now transformed into a balanced structure of two cavalry units and two air cavalry units. The equipment of the new cavalry unit makes conspicuous the unit's functions in reconnaissance and monitoring; it is no longer equipped with tanks as a main force. Such changes in the combination of establishment with equipment may reduce fighting effectiveness; however, reconnaissance and monitoring capabilities are reinforced. This is because the entire operational concept of the ground force as well as the air-ground unified action depend on accurate and prompt information regarding enemy forces.

Operational theories decide operational regulations. Operational regulations govern the evolution of weaponry equipment, Army structure, and military training. And technology is the most active factor in pushing forward the development of operational theories. Engels said: "Once technical progress can be, and is, used for military purpose, it will promptly and almost compulsively lead to changes and even a revolution in the way of operation, often against the will of the commander."

Since World War II, nuclear weapons technology has been the science and technology exerting the greatest effort on military strategic theories, and the science and technology to produce the greatest effects will be the directional energy weapon technology.

Robert Jungk wrote in his book "Brighter Than a Thousand Suns": "If by the generals themselves, they would not be able to follow the 'quantum jumps' in the development of military technology despite their greatest efforts. Now they need scientists to stand side by side with them, who will help draw up plans and revise them with every new step made in the progress of technology. In the 1950's, in which the electronic computer, H-bomb, and guided missile marked the age, Von (Noyman) [nuoyiman 6179 0122 2581] served as a marked example of a new weapon inventor turning to strategy scientist. In the 1980's, the representatives of strategy scientists who have advanced the technology of directed energy weapon are (Taylor), (Fletcher), and (Jonas).

New technology is an important propelling force for the birth of the air-ground unified action operational theory. New technology has enabled greater mobility and firepower as well as strengthening the capability of command, control, monitoring, and the capture of target. Belonging to this category are such weapons as the M-1 tank and M-2 and M-3 armored vehicles, as well as advanced helicopters for offensive actions. The new sensors and long-range artillery weapon all affect the modes of operation. The air-ground unified action operational theory has included the capabilities of these new systems into the new operational concept. And the new operational concept has, in turn, proved the need of the comprehensive service for weaponry equipment serving the future. With the transfer of the new technology of "strategic defense" to regular warfare, the emergence of directional, mobile microwave weaponry of high energy, as well as the improvement of the capability of sensors, the new edition of "operational manual" will include them all in the Army structure, and they will promote the evolution of the 200 edition of the "Operational Manual."

The dialectical relations among weaponry equipment, operational regulations, Army structure, and military training is precisely the object of research in the engineering of the military system. Comrade Qian Xuesheng made a profound explanation in his speech "Military System Engineering" delivered to leading members of the headquarters organs at a study meeting on 14 July 1979.

RENMIN RIBAO URGES URBAN-RURAL COOPERATION

HK150656 Beijing RENMIN RIBAO in Chinese 11 Jun 86 p 1

[Commentator's article: "Urban-Rural Cooperation and Structural Reform Should Promote Each Other"]

[Text] The first level economic cooperation network -- namely the Beijing-Tianjin-Tangshan coordination zone -- enumerated in the Seventh 5-Year Plan has eliminated the barriers erected between the three areas and promoted urban-rural cooperation, thus enhancing the radiation of cities and accelerating the development of rural areas. Facts have proved that urban and rural cooperation and integration conform to the needs of the development of the socialist commodity economy.

Because the old system separated cities from countryside for a long time, the advantages of urban and rural areas were not brought into full play.

Sometimes their advantages were even offset by each other. Take the Beijing-Tianjin-Tangshan zone for example. The two large cities, Beijing and Tianjin, had technological and financial superiority, while the surrounding rural areas had abundant raw materials and energy for industrial production. As the three areas were separated from each other under the old system and the circulation system was characterized by "allocation" according to administrative regions, they manufactured the same products and failed to give full play to the role of qualified personnel, capital, and natural resources. Only by restructuring the old system, integrating the urban and rural areas, and combining science and technology with the labor force can we revitalize both the urban and rural economies.

Structural reform promotes urban-rural cooperation and vice versa. At present, some comrades fear and are not used to the elimination of the old planning, financial, distribution, and circulation systems by urban-rural cooperation. Consequently, when there is a short supply of vegetables in urban areas, they are willing to subsidize the urban inhabitants and maintain the vegetable prices by every means rather than open the city gates to rural peasants. Some rural enterprises lack technology and their results are poor, though they have made huge investments. Yet, they are not willing to make use of their advantages in natural resources and manpower to help the advanced urban enterprises. The lack of courage of certain leading comrades in breaking with the old system is the main reason for the slow progress of urban-rural cooperation in certain localities.

It is a fine thing that urban-rural cooperation has exposed the defects in the current system and in the rules and regulations in force that hinder the progress of the productive forces. The change from the old to a new system is actually a process of laying bare the contradictions and resolving them. Instead of sticking to the old system, we should carry out reform vigorously, encourage urban-rural cooperation in policies, and protect the cooperation by law.

The principles and policies formulated at the 3d Plenary Session of the 11th CPC Central Committee for rural reform have created miracles in the rural economy. These policies are still producing a great impact. However, we should be aware that the contradiction between urban and rural reforms is becoming more evident with the development of the rural commodity production toward socialization and modernization. It has become the trend of the development of the socialist commodity production to reform the management, circulation, and pricing systems in urban areas; establish a unified socialist market for both urban and rural areas; and enhance the radiation and attraction of the cities. Only by making the best use of the situation to develop urban-rural cooperation can we eliminate the barriers erected between departments and regions, accelerate urban and rural reforms, and gradually solve the problems of irrational organizational structure and system within enterprises and the irrational production setup in the rural areas.

CENTRAL ORGANS' CIRCULAR ON COLLEGE ENROLLMENT

OW160833 Beijing XINHUA Domestic Service in Chinese 0815 GMT 13 Jun 86

[Text] Beijing, 13 Jun (XINHUA) -- The Discipline Inspection Commission of the CPC Central Committee and the State Education Commission recently issued a circular on further rectification of unhealthy trends in student enrollment by various types of institutions of higher learning.

The circular calls on all provincial, autonomous regional, and municipal student enrollment committees to set up discipline inspection teams to conscientiously investigate and deal with unhealthy trends in student enrollment, such as practicing favoritism, engaging in fraudulent practices, and "entering by the back door." Party discipline inspection departments at all levels should send personnel to participate directly in the investigation and handling of serious violations of law and discipline regarding student enrollment.

The circular says: Thanks to the close attention of party committees and governments at various levels and the conscientious implementation of party and government policies and the observance of law and discipline by student-enrollment personnel, the atmosphere in entrance examinations for institutions of higher learning has been basically good in recent years. Thus, student-enrollment personnel enjoy prestige among the people to a certain extent. It must be noted, however, that there are some unhealthy trends in certain localities and units concerning entrance examinations for institutions of higher learning. Because some localities are negligent of their duties in holding unified college entrance examinations, examinees often engage in fraudulent practices; in some individual localities, people even participate in such fraudulent practices in a planned, organized, and collective way. Cadres and teachers in some middle schools and physical examiners in some hospitals resort to deception in reporting on the evaluation of examinees' political ideology and moral character or on the results of their physical examinations. Some examinees' parents and some adult examinees give dinners or gifts in an attempt to accomplish their goal through pull. Some student-enrollment personnel attend such dinners and accept such gifts. Some localities and units decide without authorization to increase the scope and percentage of students admitted to institutions of higher learning through recommendation and without going through an entrance examination. Some colleges and universities try by hook or by crook to undermine others and attract students with studying abroad, travel and sightseeing, scholarships, and other inappropriate means. In the name of working for the well-being of their workers and staff members, some colleges and universities concoct various pretexts; they enroll students with lower grades whom other units ask them to train, or run "dependents classes," thus affecting the state enrollment plan.

The circular points out: Although unhealthy trends in student enrollment are found in individual cases, they hinder the normal progress of student enrollment, interfere with the reform of the enrollment system, corrupt cadres and young people, damage the image of the party among the masses of people, and corrupt party style and the standards of social conduct. If such unhealthy trends are allowed to spread unchecked, the quality of higher education can hardly be ensured and some effective and vigorous reform measures will be futile.

To rectify unhealthy trends in student enrollment by various types of institutions of higher learning, consolidate the achievements in the reform of the enrollment system, and select outstanding new students in a better way, the circular issued by the Central Discipline Inspection Commission and the State Education Commission hereby stipulates:

Students who apply for admission to accredited institutions of higher learning must take part in a unified entrance examination.

The institution must be strict and careful in organizing the examination. A student enrollment committee at a higher level should organize inspection teams to inspect discipline in the examination halls. It is necessary to investigate and deal seriously with those who reveal examination questions and those who practice fraud in the examination hall, to find out who are to blame for such fraud, and, according to the seriousness of their individual cases punish them according to party or government discipline or law.

The work in screening examinees' qualifications, evaluating their political ideology and moral character, and giving the physical examinations must be done seriously. Relevant units should report on examinees' actual conditions, and those who hide facts or resort to deception in their reports should be investigated for their responsibilities.

Students should be enrolled in strict accordance with relevant regulations laid down by the State Education Commission. All provincial, autonomous regional, and municipal student enrollment committees should set up discipline inspection teams to supervise and inspect the implementation of enrollment policy and the enforcement of discipline by personnel of their committees as well as by admissions personnel of various institutions of higher learning. Unhealthy trends, such as practicing favoritism and fraud and "entering by the back door," must be investigated.

Institutions of higher learning in various localities should conscientiously observe the enrollment regulations laid down by the State Education Commission. Fairly important reform measures must be reported to the State Education Commission for approval before putting them into practice. Enrollment plans of institutions of higher learning should not be changed in principle once they are examined and approved by the State Education Commission. Schools that are not included in enrollment plans must not enroll students without authorization.

It is necessary to carry out education in policy, party, and government discipline, and the legal system among large numbers of examinees, cadres, and members of the masses, especially cadres who are party members and student-enrollment personnel, in order to raise their consciousness in abiding by the law and discipline. Cadres who are exemplary in observing and upholding party discipline and state law should be commended; violations of the law and discipline and cases of practicing favoritism and fraud should be dealt with sternly; and cadres and members of the masses who expose unhealthy trends should be supported and protected.

POST, TELECOMMUNICATION ENTERPRISE GROUPS SET UP

HK170150 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0903 GMT 16 Jun 86

[Report by Jing Xiaoling: "China Sets Up Microwave Telecommunications and Nine Other Post and Telecommunication Enterprise Groups"]

[Text] Beijing, 16 Jun (ZHONGGUO XINWEN SHE) -- China's post and telecommunications departments have or will set up microwave telecommunications and nine other enterprise groups in order to develop lateral economic ties among enterprises and to increase market competitiveness.

Several enterprise groups, namely, microwave telecommunications, telephone exchange, pinboard [cha jie jian 2252 2234 0115], and television communications, have been officially set up.

The others, namely, optical fiber digital telecommunications, cable transmission, superhigh-frequency telecommunications, rural telephone communications, post and telecommunications machinery, and office automation, will be officially set up at the end of this month.

A person in the Ministry of Post and Telecommunications said today: The 10 enterprise groups have abundant technical forces and manufacturing capabilities. Since their formation, the microwave telecommunications and other enterprise groups have submitted 11 tenders for international telecommunications projects and won four of them.

The person said: The microwave telecommunications group grows out of the microwave telecommunications association consisting of about 10 enterprises. In recent years, the group's microwave telecommunications equipment output has ranked first in China, averaging over 90 percent of the domestic market. It has built more than 40,000 km of microwave circuits. Of this total, 15,000 km of microwave circuits are used by the post and telecommunications departments, 8,500 km by the water and electricity departments, 3,000 km by the petroleum departments, and 23,000 km by the radio and television departments.

Moreover, the group has undertaken to build or to supply equipment to 130-plus construction projects, which account for some 90 percent of the microwave construction projects built throughout the country in the same period. They include large telecommunications networks for the Daqing, North China, and Changqing oilfields, and the power control network from Shanghai to the Wuxi Jiang.

OFFICIAL DISCUSSES THREE GORGES PROJECT

HK170321 Beijing CHINA DAILY in English 17 Jun 86 p 1

[By staff reporter Xu Yuanchao]

[Text] Yichang, Hubei -- The State Council has set up a new office to study economic development and possible resettlement of populations in the Three Gorges area.

The group that had been in charge of preparing for a possible new Three Gorges Province has been disbanded, an official of the Three Gorges Development Corporation told CHINA DAILY.

The official, who asked not to be identified, disclosed that the decision was made after Premier Zhao Ziyang's recent inspection of the site of the proposed Three Gorges Dam at Sandouping near Yichang.

The new office will co-ordinate development plans and economic activities in areas of both Hubei and Sichuan provinces, and resettlement of people in the course of building a colossal flood control and hydropower dam on the Yangtze River.

According to the corporation, the first design calls for a dam 175 metres high and 2,339 metres long, with hydropower capacity of 13,000 megawatts. It would displace an estimated 330,000 people.

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Whether China will begin construction of the dam in the current five-year period "is not known," the official said. "But preparations will probably begin in the later years of the plan."

In Bonn, where he is part of party General Secretary Hu Yaobang's visiting delegation, Vice-Premier Li Peng denied that China will contract the Three Gorges project to foreign companies.

During a meeting with Chinese Embassy staffs and Overseas Chinese, he commented, "It has been said that the project will be contracted to foreign companies. I can tell you, there will be no such a thing. But we will seek their technical advice."

The Gezhouba Hydropower Engineering Bureau (GHEB) had expected that construction of the Three Gorges Dam would start when the Gezhouba Dam at Yichang, about 40 kilometres downstream, is completed in 1988.

GHEB is utilizing 50,000 workers and technical personnel, about 20 percent of the entire engineering staff in the Ministry of Water Resources and Electric Power. Its fixed assets are valued at about 600 million yuan.

He said that GHEB expects to construct a hydropower station at Geheyan, a 151-metre high dam on the first tributary of the Yangtze River, after the Three Gorges project.

The 1,200-megawatt station, about 30 kilometres from the Jingjiang embankment, will not only produce 3 billion kilowatt hours of electricity a year, but also reduce flood threats to the embankment.

CENTRAL DISCIPLINE COMMISSION HOLDS FORUM

OW170551 Beijing XINHUA Domestic Service in Chinese 0652 GMT 16 Jun 86

[Text] Jinan, 16 Jun (XINHUA) -- The Central Discipline Inspection Commission held a forum in Yantai, Shandong, from 10 to 16 June on discipline inspection work in the east China region and the central-south region. The participants included responsible persons of provincial, municipal, and autonomous regional discipline inspection commissions of the east China and the central-south regions, and responsible persons of party committees and discipline inspection organizations of the departments concerned in these regions. At the meeting, they exchanged information and experiences and discussed the current work in connection with efforts to improve party style.

The participants held: Since the Central Secretariat held the 8,000-strong meeting, remarkable achievements have been made in improving party style, and party style has indeed taken a turn for the better in the east China and the central-south regions. The principal responsible persons of many provinces, municipalities, and autonomous regions are personally taking part in the work to improve party style. Some have held special meetings of party committee standing committees to listen to briefings on major cases. They have cracked down on a number of major and important cases, educated party members in party spirit by citing typical examples, and corrected unhealthy practices in some trades and professions.

Han Tianshi, secretary of the Central Discipline Inspection Commission, addressed the closing meeting of the forum today.

He said that the situation in various localities shows that they have achieved remarkable results in improving party style and have basically created a new situation in which the whole party is mobilized to improve party style. He said: As the work of improving party style will remain arduous in the days to come, we should never slacken our efforts. We should adhere to a firm and lasting principle and work hard for 2 years to achieve a fundamental turn for the better in party style.

Han Tianshi emphasized: In order to achieve a fundamental turn for the better in party style, we should continue to investigate and deal with major and important cases. Leading cadres and leading organs at all levels should set good examples by paying attention to investigating and dealing with problems in their own organizations. While investigating economic cases, we should also pay attention to other cases. In particular, we should attach importance to investigating and handling cases of bureaucracy involving serious dereliction of duty and cases of serious violation of personnel discipline. He said: To correct unhealthy practices of some trades and professions will help improve party style. Efforts to correct such unhealthy practices, if made in conjunction with efforts to reform the economic structure and improve enterprise management, will effectively overcome bureaucracy and under-the-table relationships. Therefore, party committees and discipline inspection organizations at all levels should make great efforts to correct unhealthy practices in all trades and professions step by step according to plan and in consideration of the characteristics of these trades and professions.

Han Tianshi called on all local discipline inspection organizations and their cadres to seriously sum up practical experience; study the party's principles and policies, particularly the policies concerning economic reform; learn more from discipline inspection work; further enhance political understanding and working ability; and set good examples in improving party style.

HAO JIANXIU URGES MORE VARIETY IN TEXTILES

OW161315 Beijing XINHUA in English 1219 GMT 16 Jun 86

[Text] Wuhan, June 16 (XINHUA) -- China's textile industry has been urged to produce more and better-quality carpets, curtains and other household fabrics.

Senior Communist Party official Hao Jianxiu said during a trip to Shashi Garden City on the Yangtze River in Hubei Province that steady rises in living standards were boosting demand for such products.

A growing number of people wanted to decorate their homes with carpets, curtains, tableclothes and attractive bed linen.

Meanwhile, high-class hotels were having to import such items because of the shortage of them in China, said Hao, a member of both the Secretariat and Financial Bureau of the Communist Party Central Committee.

She called on textile factories to increase variety and produce more elegant household fabrics with distinctive Chinese designs.

NATIONAL FILM CONFERENCE CONCLUDES IN BEIJING

OW141454 Beijing XINHUA Domestic Service in Chinese 0114 GMT 13 Jun 86

[By reporter Li Derun]

[Excerpts] Beijing, 13 Jun (XINHUA) -- At the recently concluded national conference on feature films production, Ai Zhisheng, minister of radio, film, and television, stressed that the quality of intellectual products is especially important because they affect the masses over extended periods of time. The central task of movie departments now and in the future is to concentrate on improving the quality of films while stabilizing the number to be produced in order to use motion pictures more effectively in promoting socialist spiritual civilization.

This is the first national conference on the production of feature films convened by the Film Bureau following the merger of the film and television departments. Film workers and leadership from various studios and comrades of relevant departments, more than 100 in all, studied the guidelines of the relevant instructions from the central authorities, summed up experience, learned where they lagged behind, and earnestly practiced criticism and self-criticism in a unified and relaxed atmosphere. They also compared notes on further straightening out the guiding principles on creativity and making the film industry flourish.

Discussing the films their colleagues made, the representatives earnestly summed up last year's movie production situation. They unanimously held that notable achievements were made in 1985, but some problems were still prominent. They said that a number of movies acclaimed by the masses which reflected the times, eulogized the four modernizations, and depicted reforms and which were rather good both ideologically and artistically emerged in the past year, playing a positive role in promoting socialist spiritual civilization. At the same time, however, there were many shoddily made productions in poor taste and vulgar in content. The creativity ideology reflected needed correcting and the relations between social effects and economic benefits were not handled correctly. Many comrades pointed out that the purpose of art lies in its social effects. Film creativity and production must adhere to social effects as the supreme standard, uphold the orientation that art serves the people and socialism, and produce good economic benefits by paying special attention to social effects.

During the discussions, some comrades expressed their ardent expectations for movie reviewing. They held that movie critiques play an important role in straightening out guiding ideology and bringing about flourishing movie creativity. There has been some bias in the reviews in recent years. Some critics review movies on the basis of their individual artistic tastes instead of the party's principles and policies. Some critics only recognize productions of certain forms, styles, and patterns as "original" or "explorative," while refusing to recognize other forms, styles, and patterns; they are using a fixed criterion to judge the immense variety of art works. Some other critics ignore ideological content while elevating the "exploration" or "originality" of forms to an inappropriate extent. We must stress the unity between healthy ideological content and perfect artistic forms. It is hoped that movie critics will play an exemplary role in implementing the principle of art serving the people and socialism as well as the "double hundred" policy.

At the meeting, Ai Zhisheng, Ding Qiao, Shi Fangyu, and other leaders of relevant departments and artists had conversations as equals. They expressed their views about straightening out guiding principles governing creativity and improving movie quality.

CHEN MUHUA ADDRESSES BEIJING BANKING MEETING

OW140923 Beijing XINHUA Domestic Service in Chinese 1449 GMT 12 Jun 86

[By reporter Huang Wei]

[Excerpts] Beijing, 12 Jun (XINHUA) -- According to a meeting held this afternoon to discuss computerizing banking in Beijing, branches there have started to hook up their operations with computers, and during the next 5 years all banks in Beijing will be computerized to handle deposits and withdrawals.

Chen Muhua, state councillor and president of the People's Bank of China, attended and addressed today's meeting. She said: The development of economic reform has led to new requirements for banking service. As an economic regulator, our banks now play a more important role in raising capital and extending credit. However, our banking operation today is simply too backward. Since it is still manually operated, depositing or withdrawing money is time-consuming for the people. This is why our banks cannot efficiently absorb society's idle capital, why they are not well informed, and why their operation of allocating capital and extending credit has been affected. Such being the case, an urgent task of our banking reform is to reform and computerize the banking operation. It is therefore highly significant for Beijing to work with the telecommunications, power, and urban planning departments to install a computer network hookup to banking operations. This will set an example for other parts of the country.

During the next 5 years, Beijing's business banks will set up three large computer centers in the urban areas to connect all banking facilities in the city. All savings accounts will then be handled by computers. In remote suburbs, smaller computers will be installed in some localities to link up with the large computerized system in the city. While these small networks will handle their business independently, they can exchange information with the large centers directly. Furthermore, automatic terminals will be installed in major commercial districts to handle deposits and withdrawals; and automatic terminals will be installed in large department stores to transfer accounts, thus providing modernized banking service to the people in the capital.

The meeting today urged all relevant departments to work in close coordination with one another so that the project can be completed on schedule. Chen Xitong, Chen Yuan, Liu Hongru, Zhu Tiangu, and leading members of departments concerned attended today's meeting.

WORKER MONITORING OF COMMODITY PRICES URGED

OW151920 Beijing XINHUA Domestic Service in Chinese 0001 GMT 15 Jun 86

[Excerpts] Beijing, 15 Jun (XINHUA) -- The General Office of the CPC Central Committee and the General Office of the State Council recently distributed the "Report on Further Strengthening Price Monitoring by Workers" submitted by the All China Federation of Trade Unions and the State Commodity Prices Administration.

They also notified the party committees and people's governments at all levels and various departments concerned to pay full attention to and support the work done by workers in monitoring commodity prices in order to protect the just interests of consumers and smoothly reform the economic structure.

The report submitted by the All China Federation of Trade Unions and the State Commodity Prices Administration said: With gradual development of the economic structural reform in the cities in recent years, the work of price monitoring by workers has been strengthened with each passing day. As of the end of February this year, some 4,000 price monitoring stations (or groups) with over 28,000 price monitors have been set up in more than 260 cities in 22 provinces, autonomous regions, and municipalities directly under the central government. They have actively monitored commodity prices, continuously expanded their activities, explored new ways to arouse the masses to supervise and participate in managing the economic affairs of the state, and played an active role in helping the government stabilize commodity prices on the market, strike at the unhealthy trends of unruly price increases, and smoothly bring about price reform. Over the past few years, more than 500,000 violations of state laws and party discipline have been discovered and handled in various localities, and fines totalling more than 6 million yuan handed over to the state.

The "report" suggested that party committees and governments at all levels attach great importance to and strengthen the work of monitoring commodity prices by workers, educate the broad masses of cadres to realize the significance of doing such work, and consciously make full use of and give full play to the role of the masses in monitoring commodity prices in order to further develop such work.

The report pointed out that the departments of commodity price control, industrial and commercial administration, metrology, public security, and financial affairs, as well as trade unions, must closely coordinate with each other in vigorously supporting workers' monitoring of commodity prices. The departments concerned must earnestly study and handle the situation reported by those organizations set up for monitoring commodity prices and cherish their views.

CENTER TO AID JOINT VENTURES ESTABLISHED

OW150611 Beijing XINHUA in English 0554 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- The State Economic Commission has set up a foreign cooperation coordination center to help Sino-foreign joint ventures solve problems they have met, said Zhu Rongji, vice-minister of the State Economic Commission.

He assured representatives of Sino-foreign joint ventures at a five-day forum which ended here Sunday that with the support of the Chinese Government and concerted efforts by Chinese and foreign partners, the problems they have run into can be properly resolved.

While most of the more than 2,300 Sino-foreign joint ventures are profitable, he said, some have met with some troubles such as autonomy in operations, investment conditions, balance in foreign exchange payments and coordination in management.

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He attributed the causes of the problems to China's inexperience, insufficient preparations, for the setting up of joint ventures, not giving enough consideration to balance of foreign exchange and the old management methods.

But as these joint ventures are pioneers, they have to bear some risks, he said. China is trustworthy and is trying everything it can to resolve these problems.

He told the forum that China's imbalance in foreign trade has been greatly improved thanks to the control measures adopted since last year and this will help expand both home and foreign markets for Sino-foreign joint ventures, which should also readjust their development strategy in light of the actual market trend in China.

He disclosed that China was working out implementation rules for the joint venture foreign exchange balance regulations promulgated in January this year and adopted further measures to help joint ventures to achieve foreign exchange balance, including mutual help between joint ventures and overall compensation in exports by joint ventures.

He hoped that foreign partners of joint ventures should also perform their duties in solving the problem in the balance of foreign exchange payments.

He promised to give full autonomy in the operations of the joint ventures, especially with regard to the use of personnel.

He called on all joint ventures to cooperate in resolving the problems so as to run the first batch of Sino-foreign joint ventures successfully.

The Sino-foreign joint venture forum was organized by the Chinese Industrial Economics Society and the industrial economics research institute of the Chinese Academy of Sciences. Participating in the forum were 12 representatives of foreign partners and 27 Chinese partners from 24 Sino-foreign joint ventures now in operation.

NATIONAL PUBLIC SECURITY MEETING ENDS 14 JUN

OW150821 Beijing XINHUA Domestic Service in Chinese 1110 GMT 14 Jun 86

[By reporters Yang Fubao and Zhou Lixian]

[Text] Tianjin, 14 Jun (XINHUA) -- A national meeting to discuss grass-roots political work on the public security front, which concluded today in Tianjin, pointed out: Public security organs at all levels should, by means of political work, give the broad masses of policemen an education in ideals and discipline so that they will foster a good work style and become defenders and builders of our socialist motherland.

At this meeting, which opened on 9 June, discussions focused on the question of strengthening and improving political work and building a spiritual civilization at the grass-roots level. According to the opinions expressed at the meeting public security organs at various levels during the last 2 years have seriously carried out the principle of managing police work strictly and achieved gratifying results in strengthening grass-roots political and ideological work. Thirty units in various localities won orders of collective merits, first class.

Some 3,300 units had the honor to win orders of merits, second or third class. In addition, 31 policemen were given the honorable title of first- or second-grade heroic models of the nation's public security front, while some 10,600 policemen were honorably awarded the orders of merits, first, second, or third class. Public security organs have remarkably improved their party style and their method of police work. The quality of policemen has also been raised to a certain extent.

Addressing the meeting today, Minister of Public Security Ruan Chongwu expressed the hope that all localities would pay attention to accumulating and summing up experience and strive to improve their work methods so as to make their ideological and political work not only down-to-earth but also lively and dynamical. He said: While doing a good job of ideological education, we should control the words and deeds of policemen by means of strict and reasonable regulations, rules, organizational measures, and discipline so that they will form a habit of observing discipline and abiding by the law. We should see to it that orders and prohibitions are strictly enforced. This is the only way to make the members of our police contingent act in concert and to give full play to their capabilities. He also urged public security departments in all localities to do everything possible to enhance the policemen's viewpoint based on the masses and educate them to forge close ties with the people and follow the mass line in doing their work so that the police-people relationship will be as close as flesh and blood, fish and water, and can be likened to milk well blended with water. They should be alert in making observations and investigations and keep to the current trend of public security work so that they will be able to take the initiative in doing this work.

YANG SHANGKUN, QIN JIWEI INSPECT HEBEI MILITIA

SK130754 Shijiazhuang HEBEI RIBAO in Chinese 1 Jun 86 p 1

[Text] On the morning of 31 May, Yang Shangkun, member of the Political Bureau of the CPC Central Committee and vice chairman of the PRC Central Military Commission, and Qin Jiwei, alternate member of the Political Bureau of the CPC Central Committee and commander of the Beijing Military District, who were accompanied by Comrades Xie Feng, Lu Chuanzan, Dong Zuelin, and Zhang Chao, inspected the militia training base in Shijiazhuang City and observed militia military maneuvers.

At 0900 this morning Comrades Yang Shangkun and Qin Jiwei arrived at the militia training base in Shijiazhuang City; viewed the room displaying militia achievements and honorary citations and medals, classrooms, and militia dormitories; and carefully inquired about the situation in training, production, livelihood, and in the task of becoming wealthy. They were heartily pleased with the work done in building training bases. Upon concluding the outstanding military maneuvers and demonstration presented by the militiamen, Comrade Yang Shangkun took the lead in giving applause. They said to the militiamen that we were very satisfied with the demonstration and maneuvers and with the outstanding fighting performance. They urged the militiamen to vigorously engage in study and to upgrade technical standards in order to better strengthen safeguarding and building the motherland.

Comrade Yang Shangkun and Qin Jiwei also heard a work briefing given to the provincial military district on the achievements scored in the work of party rectification, troop reorganization, the transfer of the People's Armed Forces departments from military units to local governments, and of building the two civilizations. They fully acknowledged these achievements and also gave directives for the tasks of achieving unity between the Army and the government and between the Army and the people and making a success of People's Armed Forces department work in the new historic period.

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JIANGSU FIGHTS DROUGHT, EXPECTS BUMPER HARVEST

OW141310 Beijing XINHUA in English 1130 GMT 14 Jun 86

[Text] Nanjing, June 14 (XINHUA) -- Jiangsu, China's major grain-producing province, is expecting a bumper summer harvest thanks to timely spending on measures to combat a recent drought, said a provincial official. Wheat harvesting has already started, and the yield is expected to be higher than last year.

Ling Qihong, vice-governor of the province, said a severe drought had hit 670,000 hectares of Jiangsu's summer crops, about a quarter of the province's total. However, local authorities had invested more than 500 million yuan in agriculture since the beginning of the year -- a 17.8 percent increase over the same period last year -- and this had helped to limit the effects of the drought.

Jiangsu is one of the many provinces that have put more investment in agriculture following calls from the central authorities.

Speaking at the National People's Congress earlier this year, Premier Zhao Ziyang described the continued flourishing of agriculture, the foundation of China's national economy, as "one of the important strategies in the country's modernization program." He drew attention to the fact that in some localities, arable land had been arbitrarily used for other purposes and some peasants have become less enthusiastic about grain production. The premier said that both the central and local governments should steadily increase material input for agricultural production. The local authorities, in particular, should aid the development of agriculture and other undertakings in the rural areas with large amounts of financial resources.

Jiangsu's agricultural output value was higher than any other part of China in the past two years, and despite a drop of 6.8 percent in grain output, it still produced 8.2 percent of the country's total grain harvest.,

Vice-Governor Ling said the production drop to 31 million tons last year resulted from less agricultural investment than in 1984, adverse weather and a reduction in the acreage planted with grain. "We have now become more aware of the importance of agricultural investment," he said. More investment in agriculture, he said, comes from the government, rural collective organizations and peasants themselves.

Jiangsu Province now planned to raise 400 to 500 million yuan as "agricultural development fund" -- from sources such as rural factories' profits, taxes paid by rural businesses run by individuals and bank loans -- in each of the next five years to invest in farming.

A recent session of the sixth provincial People's Congress of Jiangsu decided that agricultural capital construction investment from the provincial government should be boosted until it accounted for a quarter of all capital spending. This should be achieved in five years at the latest. Jiangsu's agricultural capital spending was only 13.6 percent of last year's total, said the vice-governor.

JIANGXI LEADERS MEET CPPCC INSPECTION GROUP

OW111031 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 10 Jun 86

[Text] According to our reporter Cheng Pu, leading comrades of the provincial CPC Committee, the provincial people's government, and the provincial CPPCC Committee, including Liu Fangren, Ni Xiance, Jiang Zhuping, and Wu Ping, held a forum yesterday afternoon in the Jiangxi Guesthouse with all comrades of a CPPCC national committee inspection group who had returned to Nanchang after conducting inspections in the old revolutionary base area of our province. The topic discussed at the forum was how to accelerate the construction of these areas.

Chen Yu, member of the Standing Committee of the CPPCC National Committee and head of the inspection group, said: Our inspection trip to the old revolutionary base areas covered some 2,000 kilometers. We inspected 12 cities and counties and more than 20 townships and visited 54 peasant families. We all feel the trip was worthwhile. It was very fruitful in that it increased our knowledge and understanding about those areas. We have come to understand the enthusiasm of the people in those areas for building socialism and their hardworking and enterprising spirit.

From the inspection we have been given to understand that the rural reform since the 3d Plenary Session of the 11th CPC Central Committee has accelerated economic development in the old revolutionary base areas. In some places where the people's average per capita income has reached a high rate, the increase is as high as over 100 percent. Even in those places where average per capita income is not so high, it has still risen more than 70 percent. Crop cultivation has developed relatively quickly. The work of exploiting mountain resources, harnessing rivers, and afforestation has been noticed by the organizations concerned at various levels.

In particular, since the work conference on old revolutionary base areas in Jiangxi Province was held last year, down-to-earth efforts have been made to grasp the work of assistance to the poor and economic construction in those areas, resulting in a fairly good situation. From what we have learned on this inspection trip, the situation this year will be better than in any previous year. When conducting the inspection, however, we noted the fact that the people in old revolutionary base areas are still very poor, and some problems concerning the construction of those areas exist.

As for the work of assisting the poor, although many counties have achieved good results by sending large numbers of cadres to the grass-roots level to help the poor, it is still necessary to stop merely assisting them in meeting material requirements while overlooking the need to devise ways and means for them to solve problems, provide them with necessary technologies, improve their service work in support of production, and raise their own capabilities to discard poverty and become self-sufficient. To help the poor, it is imperative to devise ways and means for poor households to escape poverty and turn the favorable condition of rich natural resources into a favorable condition for developing commodity production. This is the only way to do down-to-earth work and avoid perfunctoriness in helping the poor.

Constructive opinions and suggestions on crop cultivation, animal husbandry, transport, energy resources, development of the commodity economy, the flow of goods, diversified operations, village and town enterprises, and the education system in the old revolutionary base areas were made at the forum by Sun Zuobin, member of the CPPCC National Committee Standing Committee; Liu Huafeng, secretary of the party organs committee under the CPC Central Committee and deputy head of the inspection group; Song Demin, deputy secretary-general of the CPPCC National Committee and another deputy head of the inspection group; as well as (Shu Qiang), Li Yuan, and She Shiguang, members of the CPPCC National Committee.

At the forum, Ni Xiance said: Members of the inspection group have given many good suggestions on the work of the old revolutionary base areas in our province. Such suggestions are a great help to our government's work. We wish to thank them.

Li Fangren said: The inspection group has done thorough work and noted the problems accurately when conducting inspections in our province. Its suggestions are right to the point, and the measures proposed are good. This is conducive to improving our work. I welcome you to come again next year and to examine our work.

Also attending the forum were Vice Chairman of the Provincial CPPCC Committee Yang Yongfeng, Lu Xiaopeng, Shen Hanqing, Liu Jianhua, Lu Liang, Li Shanyuan, Wu Yongle, Wu Tiyu, Jin Liqiang, and Wu Yunzhong.

SHANGHAI BEGINS WORK ON MASSIVE GASWORKS PROJECTS

HK130216 Beijing CHINA DAILY in English 13 Jun 86 p 3

[Special to CHINA DAILY by Wu Xinhai]

[Text] Shanghai -- Most families in Shanghai will say goodbye to their coal cooking stoves after completion of one of the country's key construction projects, the Pudong Gasworks.

The gasworks, east of the Huangpu River, will be the biggest of their kind in China. The first section of the works are to be completed next year, at which time they will be able to produce one million cubic metres of gas per day, Cai Erhai, head of the preparation department of the project, said.

The gasworks were designed by Chinese experts and will use China-made equipment. More than 100 building's have already been erected on the 47-hectare site. A 200-kilometre network of pipes will deliver gas to homes, Cai said. "We are striving for partial production of gas by the end of this year," he added.

The first phase of the project is backed by an investment of 240 million yuan (\$80 million) from national and local governments. Construction continues day and night. One building team completed the main framework of a gas furnace six months ahead of schedule, though construction was delayed four times for various reasons.

Work on the gas main under the Huangpu River has also started.

Though the Shanghai city area has used gas for 120 years, 800,000 families (one half the population) still rely on coal stoves for cooking, which partly explains the city's serious air pollution.

SHANGHAI: HONGQIAO DEVELOPMENT ZONE ACTIVITIES

OW091354 Beijing XINHUA in English 1345 GMT 9 Jun 86

["Shanghai Development Zone Gets First Joint Venture" -- XINHUA headline]

[Text] Shanghai, June 9 (XINHUA) -- Construction of a Shanghai-Hong Kong joint venture started last Saturday in the Hongqiao Development Zone, Shanghai, according to local officials. The construction marks the basic completion of infrastructure facilities for the new zone, which is being developed by a Shanghai Corporation, the Shanghai branch of the Bank of China and a Hong Kong-Macao corporation.

The Shanghai municipal government decided to build the zone in 1982 to attract foreign capital. The zone sits between the city proper and Hongqiao International Airport, covering 66 hectares. Since then, more than 500 homes and 20 factories have been moved out of the zone, while roads, water, gas and sewage pipes, and electricity and telecommunications lines have been installed. Foreign investors have already poured 200 million U.S. dollars into the new zone, local officials noted.

The joint venture under construction is the Yangtze Hotel, with a floor space of 50,000 square meters and covering 1.6 hectares. The 36-story hotel has 600 rooms, banquet halls, Chinese and Western restaurants, bars, cafes, a shopping center, swimming pools, gymnasiums and dance halls.

Other buildings to be started later this year include a Sino-Japanese five-star hotel, the Shanghai international trade center and an office building undertaken by a U.S. corporation. Local officials told XINHUA that 21 office buildings, apartment buildings and hotels, as well as 15 consulates will eventually be erected in the Hongqiao zone.

SHANGHAI SEEKS FOREIGN LOANS FOR CONSTRUCTION

OW120730 Beijing XINHUA in English 0628 GMT 12 Jun 86

[Text] Shanghai, June 12 (XINHUA) -- The city of Shanghai wants to borrow billions of U.S. dollars to pay for construction of civic and manufacturing facilities over the next five years, a local official said today. The official told XINHUA Shanghai would seek commercial and government loans, loans from the World Bank and revenue from new city banks.

Except for municipal bonds sold earlier this year in Japan, all of Shanghai's capital from abroad since at least 1980 has come in the form of investment by overseas businesses.

Whatever Shanghai can borrow over the next five years will be used to build such projects as thermal power stations, gas and water works, mass transit and highway facilities, mail and telecommunications offices and sewage plants, the official said.

According to the city's plans, other loans will help build factories producing export commodities or previously imported commodities for the domestic market.

So far, Shanghai has established 178 ventures with foreigners involving 1.3 billion U.S. dollars of foreign funds.

HENAN GOVERNOR INTERVIEWED ON RURAL REFORMS

HK130831 Beijing BAN YUE TAN in Chinese No 10, 25 May 86 pp 18-21

[Article by reporter Liu Yiqing: "Discussing Several Questions Concerning Rural Reforms -- an Interview With Henan Provincial Governor He Zhukang"]

[Text] The Seventh 5-Year Plan covers a crucial period in which China will be carrying out reform in the economic structure in an all-round way. How should we deal properly with the problems emerging in the execution of rural reforms in order to expedite them? This reporter interviewed He Zhukang, governor of Henan Province concerning this question.

He Zhukang, 54, is in his prime. Before he assumed the office of governor of Henan Province, he had engaged in planning and management work for a long time. Thus he had acquired the habit of analyzing problems in a comprehensive way. When the interview began, this reporter put it bluntly and said: Some people say that unhealthy tendencies have resulted from the current economic reform. May I have your views on the relationship between reform and rectification of the party's work style.

"Fundamentally speaking, rectification of the party's work style and reform are identical and the two have dialectical unity. Through rectification of the party's work style, we will be able to create a favorable environment for reform and ensure the healthy execution of the reform measures; and through reform, we will be able to bring about an improvement in party conduct." After saying this He Zhukang cited the following example.

Before initiating reform in the rural areas of Henan Province, every village and production group had an accountant. Some grass-roots cadres embezzled public funds to give lavish dinners and presents, and appropriated collective property, but accountants under these cadres could do nothing about them, and some of them even went along with them in their evil deeds. Earlier this year, Xiayi County reformed its financial and accounting system by calling in accountants from all villages and production groups and establishing accounting service companies in all townships. These companies work for various forms of economic associations and vast numbers of peasants. Xiayi County formerly had over 6,300 accountants. Every year it had to pay out more than 610,000 yuan to absentee accountants. However, with the establishment of accounting companies in all townships, the county selected 285 qualified accounts through a unified examination and the total payroll of these accountants was reduced to only 130,000 yuan. The reduction in the payroll of accountants has lightened the peasants' load.

From this, they realize that this is an advantage of reform. But they are happier to see that after the establishment of accounting service companies in townships, village cadres can no longer keep their hands on financial affairs, thus plugging loopholes in the financial system and checking the unhealthy tendencies of appropriating public money to give lavish dinners and presents. Since last year, Henan Province has adopted dozens of reform measures similar to the aforementioned one and these measures have played a positive and exemplary role in promoting rural reforms.

He Zhukang continued: Since reform is a new undertaking, it is unavoidable to make some errors. However most of these errors were exposed in the process of our work and they have nothing to do with unhealthy tendencies.

As a matter of fact, unhealthy tendencies have existed as a decadent ideology since long ago. They certainly find expression in various forms, no matter whether we carry our reform or not. To deal with this problem, we must rectify the party's work style and persist in reform. We have stressed time and again that we can hardly avoid errors in executing reforms, but we should not refuse them. We must make an overall analysis of problems cropping up in the course of reform and deal with different problems in different ways. It is absolutely wrong to wantonly link the errors committed in reform with unhealthy tendencies, and to make things difficult for reformists and attack them under the pretext of improving party conduct.

Meanwhile, we must develop democracy, strengthen the legal system, and make continuous efforts to improve all reform measures so as to carry the reform through to the end. Moreover, we must deal seriously with cases of seeking personal gain by taking advantage of power under the pretext of reform, and cases of violating the law and discipline.

Some specialized households which have attained prosperity before others, worry that the party's policy of enriching the people will change. This reporter asked Comrade He Zhukang to talk about the question of encouraging some people to attain prosperity before others and achieving common prosperity.

He Zhukang said: The relationship between the two matters is also of dialectical unity. Some peasants who become well-off ahead of others, by virtue of their hard work and wisdom, can exert favorable influence on other peasants. In particular, their technology experiences and spirit of blazing new trails point out a means of doing away with poverty and attaining prosperity for vast numbers of peasants and impelling the peasants around them toward becoming well-off together. When these peasants attain prosperity, they can, in turn, inspire those who have become rich ahead of others to seek a higher level of affluence. They will help each other move forward and continuously promote the development of productive forces. Thus more and more peasants will be able to attain prosperity.

After citing some typical examples of people becoming better-off ahead of others in the rural areas of Henan, he said that those who attain prosperity before others can play a positive role in expanding commodity production, improving technology in production and strengthening management. For example, in Minquan County, Zheng Wensheng, an experienced tree-planter, contracted a tree farm which was on the brink of bankruptcy, after he became well-off. He organized over 90 peasants around him, and families with financial difficulties, to run the tree farm. Resorting to his skills and experiences, he gained a new lease on life for the forestry center within a year. The incomes of these people have gone up, with a per capital income of 1,500 yuan as the minimum and 3,000 yuan as the maximum. The province has now witnessed a number of such specialized and individual households.

He Zhukang continued: Due to the long-standing influence of "leftist" policies and egalitarianist thinking, over the past few months, people in some places took a skeptical attitude toward individual and specialized households, alleging that what they had achieved were ill-gotten gains. Some cadres dared not support specialized households, but very few cadres contracted the "red eye" disease and extorted money from "specialized households." This exerted tremendous pressure upon specialized households and some of them were oppressed with doubts and misgivings.

Early this year, a specialized household came to the office of the provincial CPC Committee and asked: "Will the party's policies change?"

On hearing this, Secretary of the provincial CPC Committee Yang Xizong responded with a definite answer: "The party's policy of enriching the people has not changed and will not change. Peasants who attain prosperity through hard work should be supported and encouraged." The provincial CPC Committee took the matter seriously, calling on press circles provincial, party and government department press circles at various levels to further publicize the party's policies, strengthen political and ideological work, and support and encourage specialized and individual households and those who have become well-off ahead of others, to boldly develop production and work hard for their business.

Cadres at all levels must realize that specialized households who attain prosperity through hard work are pace-setters in rural reform and the development of the commodity economy. What they have earned through production should be protected by the law and they should be respected in society. No one is allowed to force them to "give assistance" and to "make donations," nor should one blackmail them either openly or in a disguised way.

Of late, some people have criticized the practice of implementing the central policies according to actual conditions in executing reforms as "countermeasures from the lower levels against the policies of the higher levels." With regard to this question, this reporter asked Comrade He Zhukang to expound his views.

He said: Ours is a unified socialist country. On major questions, we must implement the unified policies formulated by the central authorities and no one is allowed to act as he pleases. However, as our country is vast in territory, it is impossible that all the party's policies are actually concrete and fully suited to the actual conditions of all localities. Therefore, comrades working as local authorities should have a high sense of duty in the implementation of the unified policies and should adopt some concrete and realistic measures according to actual conditions to carry out the central policies and instructions from the higher authorities in a creative manner. As long as these measures benefit the state and the local authorities and help develop the productive forces, we should support them and should not criticize them as "countermeasures from the lower levels against the policies of the higher levels."

In early 1983, He Zhukang and some other leading cadres at the provincial level went to Wuzhi County to investigate and study. They were told by county cadres that after the emergence of individual and specialized households and village-run enterprises, taxation was still under the direct control of the county financial department. This hindered the task of fulfilling taxation and the development of commodity production. For this reason, it was imperative to establish financial departments at the township level. However, the move would involve reforming the county financial system and the central authorities did not prescribe any explicit instructions in this respect then.

Through discussions, the relevant leading cadres of the provincial CPC Committee believed that the central policies were based on the actual conditions of the grass-roots units. If there were no rules and regulations proclaimed by the central authorities for the time being, the local authorities might adopt some measures on a trial basis as long as they were in line with the guidelines of reform and the policy of opening up to the outside world, and reinvigorating the domestic economy. Hence, they selected Wuzhi County as a place to stage an experiment. After conducting tests, they found that tax revenue increased.

In addition, the measure sparked the enthusiasm of cadres at the township level in managing money matters, facilitated the development of commodity production and the economy in many townships, and strengthened the control over individual and specialized households and village-run enterprises. Consequently, the experiment extended to all the townships where conditions were ripe and yielded good results. Before long, the State Council also decided to establish financial departments at the township level.

He Zhukang also said: This made us further realize that in carrying out the party's principles and policies, we should proceed in everything from actual conditions and implement them in a creative manner and should by no means copy mechanically.

After correcting the malpractice of indiscriminately apportioning expenses last year, some places now dare not raise funds for reasonable purposes. With regard to this question, this reporter also asked Comrade He Zhukang to express his views.

He Zhukang said: The Henan provincial government issued a special circular, calling for an immediate end to the malpractice of apportioning improper expenses to lighten the peasants' load. But the circular clearly defined that collecting funds among the masses for reasonable purposes and voluntarily, was an effective measure to improve the financial condition and develop the economy in the current reform of the economic structure.

In recent years, he pointed out, Henan Province has raised a total of about 700 million yuan for running schools. Thanks to the amount of money raised, school facilities in many areas of the province have basically improved and students of Zhengzhou, Nanyang, Xinxiang and other cities and counties now have sufficient classrooms with desks and chairs.

He also said: We encourage efforts to raise funds for developing town enterprises, water conservancy, transport, electric power and other public welfare facilities under the principle of voluntariness, as long as conditions warrant. It is impossible for the state to develop all these under the present situation. Otherwise, our cause as a whole can hardly develop rapidly.

However, in collecting funds for developing public welfare facilities, two principles must be held. First, we must act according to our capability. According to what the peasants are capable of, we must develop what is badly needed and should not try to do what we cannot do. Even for some urgent projects, we should raise funds at a fixed amount and should not collect too much every time and exceed the peasants capabilities. Second, we must discuss issues with the masses. Any move to collect funds should be discussed by the people's congresses at or above the township level, and then a plan should be submitted to governments or standing committees of the people's congresses at the county (city) level for examination and approval. No units and individuals are allowed to apportion improper expenses.

JILIN: GAO DEZHAN ADDRESSES ECONOMIC CONFERENCE

SK010515 Changchun Jilin Provincial Service in Mandarin 0930 GMT 31 May 86

[Text] The 5-day provincial meeting on economic structural reform and economic work ended today in Changchun. Participants in the meeting conscientiously studied the guidelines of the pertinent meetings held by the State Council and the speeches by some central leading comrades; exchanged their experiences; discussed and studied some policies, measures, and methods for the current work; and made comprehensive arrangements for the economic structural reform and the economic work in line with the province's specific situation. The meeting participants maintained: The guiding ideology of this meeting is definite, its content is substantial, its demands are specific, and its policies are clear.

Governor Gao Dezhan delivered a summing-up speech. In his speech, Governor Gao pointed out: This meeting is conducive to deepening the province's urban economic structural reform, to promoting the sustained, stable, and coordinated development of the economy, and to fulfilling all tasks for this year. We should fully understand the importance of this meeting, conscientiously implement the guidelines of this meeting, and make new breakthroughs in ideology, measures, and efficiency. We should comprehensively implement the system of each assuming responsibility for his own work, develop lateral economic cooperation, strengthen enterprise management, introduce various economic responsibility systems within enterprises and the department responsibility system, and strengthen ideological and political work. All departments should rapidly relay the guidelines of this meeting to the grass-roots units to enable the large number of cadres, workers, and staff members to have direct contact with the guidelines, to fully understand the guidelines, and to have a good grasp of the guidelines. We should use the guidelines of this meeting to unify the thinking and actions of cadres, workers, and staff members, and then mobilize initiative in all fields.

This meeting has put forward some new policies and stipulations to be coordinated with the other policies formulated since the beginning of this year. After this meeting, we should vigorously grasp the implementation of these new policies and stipulations. Through their implementation, we should mainly see whether or not our measures are effective and our results remarkable.

With regard to the development of lateral economic cooperation, the upgrading of enterprise management, and the implementation of various economic responsibility systems within enterprises, Governor Gao emphatically pointed out: By the end of June, all pertinent departments at the provincial level should introduce the department work target responsibility system including the responsibility system on the chain work between different departments. Various cities and counties may implement such systems in light of the provincial departments' methods and their specific situations. This work should be conducted in a planned manner, with examinations and appraisals. In implementing these systems we should fully embody the spirit of leadership means service in order to gradually perfect these systems through practice.

Governor Gao pointed out in conclusion: We should firmly and unswervingly implement the system of designating factory directors to undertake responsibility; should give full play to the role of enterprise managers, the role of large and medium-sized key enterprises, and the exemplary role of typical enterprises; and should make progress and create new situations in this regard. At the same time, all localities should closely combine the relay of this meeting's guidelines with the grasping of the current work, give priority to solving the conspicuous problems of various enterprises, and promote the various items of the current work with the down-to-earth implementation of this meeting's guidelines. We must fulfill more than one-half of the annual target for this work by midyear.

During the meeting, Comrade Gao Di, secretary of the provincial CPC Committee, attended the session to listen to the reports by leading comrades of various cities, prefectures, and prefectures who participated in the meeting, and delivered an important speech.

The meeting also named 41 six-good enterprises, and held a session on the sale of motor vehicles.

JILIN CONFERENCE ON RURAL PARTY RECTIFICATION

SK150535 Changchun Jilin Provincial Service in Mandarin 0930 GMT 14 Jun 86

[Text] The Jilin Provincial CPC Committee held a provincial party rectification work conference in Changchun today. The conference relayed the guidelines of the party rectification forum attended by the CPC Committee secretaries of the 11 provinces and municipalities in north China and held by the Central Party Rectification Guidance Committee, made arrangements for rural party rectification in the province, and studied ways to further consolidate and develop the achievements in party rectification of the units at and above the county level.

Wang Xianjin, deputy secretary of the provincial CPC Committee, spoke at the conference. Speaking on the party rectification of the rural grass-roots units, Comrade Wang Xianjin said: When taken as a whole, town and township party rectification in our province has been developed soundly, and the results are also fairly good. The important task we now encounter is to concentrate efforts on the preparations for the village-level party rectification while accomplishing the town and township party rectification tasks successfully from beginning to end. Village-level party rectification should be started in an all-round manner in the coming winter and spring. Ours is a predominantly agricultural province, where 30 percent of the party members are peasants. Therefore, successful village-level party rectification is very important to making the rural reform more successful, developing the excellent rural situation, and facilitating the various types of work of the province. In carrying out the village-level party rectification, we should solve the following major problems: First, we should solve the problem of party-member cadres who abuse power for selfish gains and violate law and discipline to a serious extent. Second, we should conscientiously solve the problems in the understanding of rural reform and the party's principles and policies. Third, we should solve the problems of some party members who fail to play an exemplary role, and of some village party branches that are slack and lax in doing their work and that lack combat strength.

Comrade Wang Xianjin emphasized in his speech: In carrying out rural party rectification, it is necessary to adhere to the principle of promoting and ensuring reform and economic development, and resolutely implement the party's rural policies. All the work related to party rectification should help to promote a broader and deeper rural reform, to further improve the rural productive forces, to further enliven the rural economy, and to further develop the peasants' production initiative. This is the criterion deciding whether the party rectification is carried out successfully.

Speaking on consolidating and developing the party rectification achievements, Comrade Wang Xianjin pointed out: Our province's party rectification work has indeed been fruitful, and the achievements are fairly notable. However, a great amount of work remains to be done. The units which have already carried out party rectification should pay attention to guarding against combat fatigue and the idea of getting things done once and for all, and should conscientiously consolidate and develop the party rectification achievements.

At present and for some time to come, we should make unremitting efforts to conduct the education on party spirit in order to raise party members' political awareness. We should also establish and improve necessary systems to maintain the normalization of party building. We should thoroughly correct unhealthy trends, in particular the practice of abusing the authority of one's trade for selfish gains, and those prevailing in cadre work; step up the investigation and handling of major and serious cases; strengthen ideological and political work; and build the spiritual civilization. We should intensify the training of party-member cadres in order to continuously raise their theoretical level and professional competence. We should continue to pay attention to verifying and investigating the three types of persons.

JILIN SECRETARY ATTENDS HUNDRED FLOWERS FORUM

SK140700 Changchun Jilin Provincial Service in Mandarin 0930 GMT 13 Jun 86

[Excerpts] On 12 June, the Propaganda Department of the provincial CPC Committee, the provincial Institute of Social Sciences, the provincial Federation of Social Sciences, the provincial Federation of Literary and Art Circles, the Jilin branch of Chinese Writers' Association, and the provincial [words indistinct] jointly held a forum to mark the 30th anniversary of the issuance of the policy of letting a hundred flowers bloom and the policy of letting a hundred schools of thought contend.

More than 10 comrades, including Guan Mengjue, (Hu Shaofu), Zhang Fengyu, (Jia Xijin), (Yang Gongji), (Yu Yanfu), and (Zheng Derong), made speeches at the forum. They respectively set forth opinions and suggestions on further implementing the 'double hundred' policy.

In his speech, Wang Zhongyu, deputy secretary of the provincial CPC Committee, said: In the course of reform, the relations between different sectors of the economy have been readjusted and changes have taken place in both economic and social life. Under the current economic situation in which both the old and new economic systems exist at the same time and the old is being replaced by the new in a step-by-step manner, many contradictions and loopholes in the economic field have been created, and the situation has set forth many new tasks in need of exploration and study by the comrades on the ideological, cultural, and theoretical fronts. Thus, we must bravely explore, create achievements, and pioneer the road of advance. In order to achieve this, we must implement the 'double hundred' policy and advocate the free exchange of different academic views, free exchanges between different schools of thought, and the free development of different artistic styles and different artistic forms. Never should we allow to be repeated such historical lessons as attaching labels on others, arbitrarily beating others with big sticks, regarding academic and ideological questions as political problems, or taking organizational measures for solving problems.

Gao Di, secretary of the provincial CPC Committee, met with the participants in the forum and held talks with them. He stated that the provincial CPC Committee will make efforts to implement the 'double hundred' policy to enliven and develop socialist ideology, theory, culture, and art; and to create a free, harmonious, and democratic environment and atmosphere for academic and theoretical study.

PROGRESS OF FORMING POLITICAL PARTIES IN TAIWAN EXAMINED

HK130650 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 23, 9 Jun 86 pp 24, 25

[Article by Xiao Luntian: "Non-KMT Personages in Taiwan Step Up Their Work of Organizing Political Parties"]

[Text] Since 1949, the KMT authorities have taken a very stern attitude toward political groups organized by non-KMT personages, stressing that these political groups must be banned.

Over the past few years, non-KMTS personages in Taiwan have persisted in organizing political groups, and this has challenged the KMT's policy of "banning political parties." In 1984, non-KMT personages who were "public opinion representatives" formed the "Non-Party Public Policy Research Association," but the authorities did not approve its registration. Last year, when the "Non-Party Backup Association" gained a seat in an election, the "Non-Party Public Policy Research Association" tried to set up branch associations to increase its influence. It also attempted to make itself the main force outside the KMT by forming a "political party."

Early this year, the "Non-Party Public Policy Research Association" applied for the establishment of its branch associations in Pingtung County, Kaoshiung City, Taichung City, Taoyuen County, Taipei County, Taipei City, and Yilan County. Feeling ill at ease, the KMT authorities sent people to persuade the association and, on the other hand, asserted that if the association set up its branch associations, the authorities would ban them. But the association did not budge an inch. You Ching, chairman of the board of the association, said: The KMT can use its power to suppress activities outside the party, like the strong bullying the weak, but this will bring a "serious obstacle" to the "whole of politics." The association will openly declare that the establishment of its branch associations is a step toward organizing a political party. If the KMT bans its branch associations, it will formally establish a political party.

After the Kaohsiung incident, the influence of the non-KMT personages in Taiwan was restored. At an "election of local government functionaries" in November last year, non-KMT personages obtained support from 30 percent of the voters, and the vote for the successful non-KMT candidates was quite heavy. This "indicates that a fixed number of voters outside the party firmly support non-KMT personages." Therefore, non-KMT personages have more confidence in organizing political parties. Since non-KMT personages gained support in the "local election," they have had a stronger demand for abolishing the "prohibition against the establishment of political parties."

After the election, some non-KMT personages went to the United States to seek support from members of the U.S. Congress. A press report said: "The bill proposed by Representative Solarz in 1985 includes demanding that Taiwan strengthen democratization, relax its prohibition against the formation of political parties, and abolish its martial law." During his visit to Taiwan in April this year, Torricelli member of the U.S. House of Representatives Subcommittee on Asian and Pacific Affairs remarked: "Now there is a prominent force in Taiwan demanding democratization, and efforts should be made to speed up the growth of this force for the sake of the ruling party."

While visiting Taiwan during the same period, U.S. Congressman [ke lan si dun 0344 5695 2448 7319] said that Reagan had recently pointed out: "The United States may possibly change its foreign policy. We will decide our attitude toward a local government according to the status of the human rights there, regardless of whether the totalitarian government is composed of left-wingers or right-wingers." U.S. attitude has produced a great impact on the activities of non-KMT personages in Taiwan.

In the past, some non-KMT personages in Taiwan said: "Although the KMT has its organization, it does not have the masses; although there are masses outside the party, they do not have an organization." Other non-KMT personages remarked that there should be an opposition party in a society with democratic politics and that without an opposition party, there would be no democratic politics. Since last year, major matters have taken place on Taiwan island, and they have impacted on the ruling KMT in varying degrees. Some non-KMT personages now maintain that as the KMT "is in a weak position of political control," it is time that it allowed the establishment of other political parties. In particular, what happened in the Philippines early this year has encouraged non-KMT personages. Kang Ning-hsiang, a famous non-KMT personage, went to the Philippines to make a survey. Many non-KMT personages wrote articles praising the democratic movement in the Philippines and pointing out: "Taiwan should use the Philippines as a mirror to examine its elections and political development." "Under power politics, an opposition party does not have a perfect organization to work out its policy. This is quite abnormal." "As a result of Marcos' power politics, the balance of democratic forces was undermined, mistakes in policy surfaced, and politics and the economy were corrupt. A ruling party should carefully consider this."

In view of all the factors we have mentioned above, the non-KMT personages in Taiwan have mended their pace in forming parties. While the "Non-KMT Public Policy Research Association" in Taiwan was applying to set up local branches throughout the island, some non-KMT Taiwanese personages in the United States took the lead in taking real action. Tsu Hsin-liang, former magistrate of Taoyuan County; Hsieh Min-tsung, a former political prisoner from Taiwan; and Lin Shui-chuan, former Taipei City councilor, jointly announced at the New York United Nations Plaza Hotel on 1 May. A 'Taiwan Democratic Party Founding Committee: formed by 113 non-KMT Taiwanese residing in the United States has been set up. They also issued a statement declaring that the "Taiwan Democratic Party" would be a "party to break through the ban on forming new parties"; the party founding process would be completed and its membership would reach 5,000 by August; and its headquarters would be moved back to Taiwan by November this year before the general election was scheduled to be held. The three figures also sent a telegraph to non-KMT personages in Taiwan, urging them to take concerted action. They promised that if the KMT government lifted the ban on forming parties and thus enabled the non-KMT forces to form an opposition party in Taiwan before the "Taiwan Democratic Party" would be a "party to break through the ban on forming new parties"; the party founding process would be completed and its membership would reach 5,000 by August; and its headquarters would be moved back to Taiwan by November this year before the general election was scheduled to be held. The three figures also sent a telegraph to non-KMT personages in Taiwan, urging them to take concerted action. They promised that if the KMT government lifted the ban on forming parties and thus enabled the non-KMT forces to form an opposition party in Taiwan before the "Taiwan Democratic Party" moved its headquarters back to the island, the latter would be automatically downgraded to an overseas branch of that opposition party. To this offer the non-KMT personages in Taiwan have had different reactions. Chairman of the Council of the "Non-Party Policy Research Association," Yu Ching, said: "Forming a new party is basically a task which is supposed to be done at home. The founding of a party abroad is a stimulus to us at home. It shows the common will of our compatriots abroad in promoting democratic politics. I would like to tell our compatriots abroad that we have already been doing what they are expecting us to do."

According to reports from Taiwan, the deadlock regarding the party-forming issue and the confrontation resulting therefrom, between the ruling party and the opposition political factions, have caused deep misgivings among the vast number of people who are concerned about the political situation and future of Taiwan. If the KMT persists in its high-handed policy against non-KMT forces, it will inevitably arouse strong resistance from the latter and the public, and the situation on the island will become more complicated and turbulent. In a piteous tone; MINCHUNG JIHPAO [PUBLIC DAILY] said in an editorial: "The ideal of politics is to find out the highest common factor between the majority and the minority through mutual accommodation and compromise. Our country and society need solid unity and genuine harmony. In order to achieve this goal, both the ruling party and the opposition forces should not stubbornly adhere to their own opinions but seek mutual understanding and mutual accommodation."

For the moment, all indications show that the KMT will make a concession to the non-KMT forces and will try to solve the problem step by step through "communication with all social circles" with a view toward alleviating the sharp confrontation between the ruling party and the opposition. Some news media in Taiwan believe that this is an encouraging beginning and a "pioneering undertaking of historic significance to the political development" on the island over the past 30-odd years.

Taiwan is still facing many knotty political issues at present. And the communication between the ruling party and the opposition factions depends on the degree of sincerity shown by the two sides. The KMT and all the non-KMT political forces have yet to make concerted efforts to bring about a relaxed political situation and thus, real political "harmony" in Taiwan.

YUAN CLAIMS FORMING POLITICAL PARTIES NOW INAPPROPRIATE

OW170606 Taipei CNA in English 0243 GMT 17 Jun 86

[Text] Taipei, June 16 (CNA) -- The Executive Yuan restated Monday that, reviewing the current national situation, it is not appropriate to allow organization of new political parties in the country. This is the most appropriate decision the executive body said after full deliberation. The answer came in a written reply to a joint interpellation by several legislators, including Chiang Peng-chien.

Too many political parties will lead to friction and affect the unity of citizens. Such disadvantageous development would immediately cause direct and obvious hazards to the nation and society, the Yuan noted. To set up a sound foundation for long-term national development, the government has strived to attain the basic national goals in promoting political harmony, maintaining social tranquility, protecting public welfare and raising the quality of life, the Yuan pointed out. The government has never changed its policy in implementing constitutional democracy. Any acts which are destructive enough to national unity and harmony and even to national security and the public interest are not permitted by the law as they are totally against the aspirations of the people, the Yuan stated.

To those civic organizations registered legally with the authorities, the government will continue to give full support. The government will also assist those civic organizations for their function as a communications bridge between the government and the people, the Yuan stated. The executive body assured that the rights people here have to participate in political activities various available channels, does not depend upon their affiliations with one party or another. The Yuan attributed the present national development to the joint dedication of the government and the people. To boost national strength for a final victory in the anti-communist fight, it called for continued full support by and solidarity among the people.

CONTROL YUAN MEMBERS CRITICIZE HANDLING OF CAL

HK170650 Hong Kong AFP in English 0638 GMT 17 Jun 86

[Excerpt] Taipei, June 17 (AFP) -- Two opposition members of Taiwan's top watchdog body have accused the government of failing to properly supervise the national airline and allowing it to run up huge debts. An official of the Control Yuan said Tuesday that Yu Ching and Hsu Wen-cheng urged the Communications Ministry and the Civil Aeronautics Administration [CAA] be given a warning for faulty supervision of China Airlines (CAL).

They said in a report that the government bodies "obviously failed to fulfill their duty of supervising CAL, which has been running huge debts with various flaws in operations," the official said. CAL had outstanding debts totalling 12.2 billion U.S. dollars in October, while its capital amounted to only 62.5 million U.S. dollars, the report said. It said that instead of pushing the flag carrier to improve its financial situation, the government bodies subsidized the airline to cover part of its expenses. "They are also unable to correct flaws in the airline's personnel, promotion and operation systems," the Control Yuan members said. The Control Yuan will consider the call by the two members that a "correction" -- or warning -- be issued to the Communications Ministry and the CAA, the official said.

WEI TINGZHENG DISCUSSES THREE GORGES PROJECT PLANS

HK160532 Hong Kong TA KUNG PAO in Chinese 16 Jun 86 p 1

["Special dispatch" by correspondent Kung Shuangyin: "Chang Jiang Basin Planning Office Director Wei Tingzheng Discusses the Three Gorges Project; Feasibility Studies May Be Increased"]

[Text] A few days ago, Wei Tingzheng, director of the Chang Jiang Basin Planning Office and a member of the CPPCC, told CHANG JIANG KAIFA BAO [DEVELOPMENT OF THE CHANG JIANG] reporters that all preparatory works of the Three Gorges project are being increased in light of the central authorities' principles of being active and prudent. More in-depth studies of the relevant issues raised by various sides, such as the issue of silt deposits and so on, are being conducted. It is expected these issues can be resolved.

The Chang Jiang Basin Planning Office was established not long after the founding of the PRC and had always worked under the care and leadership of Zhou Enlai. In the last 3 decades, it has carried out a large number of meticulous works and textual studies on the planning of the Chang Jiang Basin and such priority construction projects as the Han Jiang and Danjiangkou water control projects, Gezhou Dam water control project, as well as the Three Gorges water control project. Wei Tingzheng, director of the Chang Jiang Basin Planning Office, is a senior hydraulician. He said that we are fully confident of making the construction of the Three Gorges project a success.

Regarding the water storage line of the Three Gorges project, Wei Tingzheng said that the selection of the normal water storage line should be based on the overall synthetical utilizations, the rational demands of the relevant departments, the resettlement of people displaced as a result of the building of the dam, and the investment capability of the state. He said that in order to make a more careful analysis, in addition to the water storage line plan of 150 meters, we also worked out four different plans of 160, 165, 170, and 180 meters. We also worked out four groups or more of corresponding antiflood restrictive waterlines and preflood low-water lines. Generally, through synthetical analyses, we selected six representative plans for further comparisons.

Quoting what Minister of Water Resources and Electric Power Qian Zhengying once said, Wei Tingzheng said that the key to the success of the Three Gorges project lies primarily in the displacement of people due to construction of the great dam. Qian Zhengying stressed that in carrying out the work of displacing the people in the area, consideration should be given to: first, the financial capability of the state and: second, the future of the people.

Director Wei pointed out that displacement of the people in the reservoir area is a very scientific social and policy-related task. In carrying out the Three Gorges project, we build projects for displacing the people and adopt the principle of displacing people in a constructive way. This is conducive to the construction of the project, exploitation of various natural resources in the reservoir area, satisfactory resolution of the issues relating to the displacement of the people in the region, and realization of long-standing security. He also said that as this work has just begun, it is still necessary to act according to the construction principle for the mountainous areas put forward by Premier Zhao Ziyang to conscientiously and meticulously conduct experiments at selected spots, learn from experiences, and then gradually use this experience.

PRC CRACKS DOWN ON SHENZHEN BLACK MARKETEERS

HK160246 Hong Kong SOUTH CHINA MORNING POST in English 16 Jun 86 pp 1, 2

[By Julina Chan]

[Text] Chinese authorities are cracking down on black marketeers who have been enjoying a flourishing business smuggling goods from Hong Kong to Shenzhen. Last month alone, 110 illegal traders -- half of them Hong Kong residents -- were arrested. Until last month, the total for the year had stood at just 48. Housewives, teenagers and elderly women from Hong Kong are the chief culprits. Yet many apparently do not realise they are committing offences which could lead to the confiscation of their goods, hefty fines or imprisonment for up to two weeks.

The crackdown has involved the setting up of a new Lowu sub-office of the Public Security Bureau, China's police, and a strengthening of police manpower.

Weekends and holidays are busy times for the black marketeers, who risk even stiffer sentences from the increasingly vigilant Chinese authorities if their offences are deemed to be particularly serious.

Shenzhen officials told the SOUTH CHINA MORNING POST that more than 1,000 items of clothing from Hong Kong, 82 cartons of imported cigarettes, 36 dozen pairs of socks and a number of other items have been confiscated by Chinese officials at Lowu port control since January.

One of the ploys is to take bundles of both new and second-hand women's clothing into Shenzhen. There are plenty of eager buyers waiting to reach deals in hotel rooms away from the prying eyes of the Shenzhen police. One Fujian trader recently made 22 separate deals with Hong Kong sellers in a single day. He collected six sacks containing 677 items of clothing which he was planning to take back to his native province by lorry for resale at high prices -- before police swooped. Shenzhen officials would not reveal what punishment was imposed.

Hong Kong women are taking advantage of the duty-free allowances to sell goods to mainlanders who have an insatiable appetite for Hong Kong-made goods. The women sell them for cash, or for fresh fruit and vegetables. Cigarettes are also a profitable line.

Shenzhen officials told the POST that in a recent case, four Hong Kong youths aged 16 and 17 crossed the border five times in one day, each taking with him two cartons of cigarettes and some cloth on each trip. The youths bought the cigarettes at duty-free shops for \$47 a carton and sold them in Shenzhen counterparts for \$57. They were given an average of \$15 by mainland middlemen for each five-metre length of fabric. Because of their youth, the four were released after their goods were confiscated.

At present, each visitor from Hong Kong is allowed to take two cartons of imported cigarettes into Shenzhen. Other popular items in the illegal trade include nylon cloth, socks and women's stockings.

The director of the Shenzhen Public Security Bureau's Lowu port sub-office, Mr Tseng Peng, told the POST that illegal activities involving Hong Kong residents were mainly of three types: the illegal trade in duty-free commodities and clothing, black market currency exchange and petty theft.

The risks, though, do not come from just getting caught. Some women trying their hand at currency dealing have been robbed, said Mr Tseng. Taxi drivers who act as middlemen take these women to outlying areas of Shenzhen, such as Futian, where they are easy prey to robbers.

Mr Tseng said that some Hong Kong people have also fallen victim to the need for secrecy in their illegal transactions. Their mainland contacts pad out wads of money with plain paper, which the Hong Kong would-be black marketeer cannot check immediately because these transactions have to be done quickly to avoid the police.

A total of 203 Hong Kong residents, according to the CHINA NEWS SERVICE, have been convicted in Shenzhen for illegal behaviour, out of a total of 777 cases. Eighteen of the Hong Kong people were caught picking pockets in the shops in the Shenzhen customs building since Lunar New Year.

Mr Tseng said the Hong Kong traders face four types of penalties: re-education, fines, "procedural detention" for 15 days and repatriation. All items involved in illegal transactions are confiscated. Mr Tseng warned that the authorities were determined to wipe out fraud and crimes which "disturb the public order."

SHENZHEN LAUNCHES CAMPAIGN AGAINST ABORTION MIDDLEMEN

HK170141 Hong Kong SOUTH CHINA MORNING POST in English 17 Jun 86 p 27

[By Juliana Chan]

[Excerpts] Shenzhen officials have launched a campaign to wipe out illegal middlemen who profiteer by introducing Hong Kong women to hospitals for abortions. Mainland taxi drivers and women agents who "lead the way" to clinics and hospitals risk being detained and jailed. Authorities plan to increase plainclothes police patrols and to prosecute offenders.

The SOUTH CHINA MORNING POST reported last week that an increasing number of Hong Kong women were crossing the border for Shenzhen's abortion "services". Taxi drivers who took women to particular clinics were being paid as much as \$100 for each client. In the early 1980's, some hospitals supplied taxi drivers with their business cards but this practise was stopped about two years ago.

Mr Tseng Peng, director of the Shenzhen Public Security Bureau's Lowu sub-office, said the drivers and agents were considered to be illegally profiteering. He said no middlemen were required for Hong Kong women who needed the abortion facilities in Shenzhen.

Mr Tseng believed most of the drivers and agents were members of syndicates, but he refused to elaborate. He said a number of taxi drivers and women who were involved in the racket had been convicted, fined and jailed. Mr. Tseng cited a mainland woman who had been caught "many times" in the vicinity of the railway station, and was said to be "99 per cent successful" in spotting women looking for a clinic.

At present, at least eight hospitals and clinics across the border offer abortions. Charges range from \$350 to \$700 for each operation. Some clinics charge Hong Kong women more than triple the rate charged to mainland residents, who pay an average of 30 yuan (about HK\$72) per operation.

PRC WANTS TO LIMIT POST-1997 HONG KONG EXECUTIVE

HK140610 Hong Kong SOUTH CHINA MORNING POST in English 14 Jun 86 p 1

[By Chris Yeung]

[Text] China wants the executive and the legislature in post-1997 Hong Kong to be on an equal footing and be governed by "mutual checks and balances." This was the official message brought back by a group from the Basic Law Consultative Committee who returned yesterday from Beijing after detailed discussions with senior Chinese officials on the drafting of the Basic Law. The officials said the two branches should not have a subordinate-leader relationship. The chief executive should not enjoy as much power as that now accorded to present governors.

The remarks on the grey areas over Hong Kong's future political system were made by Mr Li Hou and Mr Lu Ping, two of the top officials of the Hong Kong and Macao Affairs Office under China's powerful State Council. Mr Li's comments were revealed yesterday by the delegation's deputy leader, Mr Man Sai-cheong. Mr Li, who is No. 2 in the office headed by director Mr Ji Pengfei, said the future legislature should not have power to cast a no-confidence vote on the chief executive, nor should the chief executive be vested with the power to disband the legislature.

The Joint Declaration stipulates that the legislature shall be constituted by elections, and that the executive authorities shall abide by law and be accountable to the legislature.

Earlier, different interpretations over the term "accountable" stirred up controversy, and Chinese officials maintained that grey areas over the future political system in the Sino-British pact should be defined.

According to delegate Mr Chang Ka-mun, Mr Li said his definition of the future relationship was shared by the British and Chinese governments during negotiations on Hong Kong's future. They reached consensus on the meaning of some of the major terms used in the Joint Declaration, Mr Chang, Mr Li defined the crucial term "accountability" in four areas. They were:

- The executive shall produce periodic policy reports to the legislature.
- The executive shall answer questions by the legislature over government policies.
- The legislature shall be vested with powers to scrutinise government budget and approve expenditure.
- The legislature shall be vested with powers to impeach the chief executive and officials of secretary rank who have committed a crime and report to the central government in Beijing.

Another delegate, Mr William Tsui, quoted Mr Li as saying the future chief executive should not be merely a symbolic leader, but enjoy "certain" powers in administration. Mr Li told delegates that the Chinese Government has yet to decide the scope of the chief executive's powers. He said the future legislature should be constituted by members, through both direct and indirect elections but details were to be hammered out after wide consultations.

The 13-member delegation have held discussions with top Chinese officials including Mr Ji and mainland members of the Drafting Committee during their three-day stay in Beijing.

Members gave their views on a wide range of issues including political structure, the future Beijing and Hong Kong relationship, residents' rights and obligations and the economy.

Delegation leader Dr S.Y. Zee said mainland officials and members were willing to speak on a number of sensitive issues. According to delegate Mr Fung Kin-kee, Mr Lu said the future chief executive and secretary-level officials did not have to be members of the Chinese Communist Party.

On the controversial relationship between the constitutions of Hong Kong and China after 1997, Mr Li reportedly favoured stating clearly that the affairs of Hong Kong shall be confined by the Basic Law.

It avoids any application of clauses in the Chinese Constitution to Hong Kong people after 1997.

Dr Zee quoted Mr Lu as saying that any discussions on party politics should consider whether it would be conducive to the well-being of Hong Kong after 1997. Mr Lu also said the future political system should be able to cater to the interests of different sectors of the community.

Hong Kong delegates believe the Chinese officials favour direct elections to the future legislature. The mainland officials showed special interest in previous elections, such as the Urban and Regional Council elections, Mr Man said.

Meanwhile, a vice-chairman of the Drafting Committee, Mr T.K. Ann said he would raise the question of freedom of foreign remittance and low taxation rate at a meeting of a sub-group on economics which he will join. Mr Ann said he would also propose writing into the Basic Law, in legal terms, the guarantee for the maintenance of Hong Kong's capitalist system for 50 years.

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